COMMUNITY COLLEGE CAPITAL IMPROVEMENT REVENUE BONDS

	CUSIP Numbers	
Maturity Date	**Series 2018A Refunding Dated 4/12/2018**	**Series 2021A Refunding Dated 7/22/2021**
7/01/22	34161CDP9	34161CDW4
7/01/23	34161CDQ7	34161CDX2
7/01/24	34161CDR5	34161CDY0
7/01/25	34161CDS3	34161CDZ7
7/01/26	34161CDT1	34161CEA1
7/01/27	34161CDU8	34161CEB9
7/01/28	34161CDV6	34161CEC7
7/01/29	-	34161CED5
7/01/30	-	34161CEE3
7/01/31	-	34161CEF0
7/01/32	-	34161CEG8

ANNUAL FINANCIAL INFORMATION
AND OPERATING DATA
SUBMITTED PURSUANT TO RULE 15c2-12
OF THE SECURITIES AND EXCHANGE COMMISSION
FOR THE

STATE OF FLORIDA
DEPARTMENT OF EDUCATION
FLORIDA COLLEGE SYSTEM CAPITAL IMPROVEMENT REVENUE BONDS,
SERIES 2018A (REFUNDING)
SERIES 2021A (REFUNDING)

For Fiscal Year Ending June 30, 2021

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Consolidated Statement of Net Position for Fiscal 2020-21 .... ATTACHED

Consolidated Statement of Revenues, Expenses and Changes in Net Position for Fiscal Year 2020-21 .... ATTACHED

Broward College Audited Financial Statements for Fiscal Year 2020-21 .... ATTACHED

Florida SouthWestern State College (formerly Edison State College) Audited Financial Statements for Fiscal Year 2020-21 .... ATTACHED

Gulf Coast State College Audited Financial Statements for Fiscal Year 2020-21 .... ATTACHED

Palm Beach State College Audited Financial Statements for Fiscal Year 2020-21 .... ATTACHED

Santa Fe College Audited Financial Statements for Fiscal Year 2020-21 .... ATTACHED

Seminole State College Audited Financial Statements for Fiscal Year 2020-21 .... ATTACHED

St. Petersburg College Audited Financial Statements for Fiscal Year 2020-21 .... ATTACHED

Tallahassee Community College Audited Financial Statements for Fiscal Year 2020-21 .... ATTACHED

I. Historical Capital Improvement Fees

Historical Capital Improvement Fees

Fiscal Year	Capital Improvement Fees[1]	Percentage Change
2016-17	$39,905,041	-0.8%
2017-18	39,836,315	-0.2
2018-19	39,056,876	-2.0
2019-20	38,274,933	-2.0
2020-21	34,211,127	-10.6[2]

II. Florida College System Historical Summary of Revenue Sources

Florida College System
Historical Summary of Revenue Sources
(in millions)

	Fiscal Year Ended June 30,				
Fund Source	2017	2018	2019	2020	2021
General Revenue	$955.2	$968.3	$944.8	$1,089.4	$1,094.2
Lottery Revenue	273.7	231.8	272.0	150.2	168.2
Total State Funds	$1,228.9	$1,200.1	$1,216.9	$1,239.6	$1,262.4
Student Tuition and Fees	811.9	814.4[3]	799.6[3]	790.8	724.1
Other Revenue	30.2	37.5	51.1	40.8	28.4
Total Operating Budget	$2,071.0	$2,052.0	$2,067.6	$2,071.2	$2,014.9
% State Funded	59.3%	58.5%	58.9%	59.8%	62.7%
Capital Outlay Funding	$176.4	$107.1	$78.5	$11.6[4]	$10.7[4]

[1] Collected pursuant to Section 1009.23(11), Florida Statutes.
[2] Decrease in fees from Fiscal Year 2019-20 to 2020-21 attributable to decline in enrollment. See Section III in this disclosure.
[3] Revised from previous filing.
[4] In response to the COVID-19 pandemic, in Fiscal Years 2019-20 and 2020-21, the Florida Legislature did not appropriate funds to the Florida College System, the State University System or public school districts for general maintenance, repair, renovation or remodeling.

III. Historical Material Participant Student Enrollment in Capital Improvement Fee-Generating Programs

Historical Material Participant Student Enrollment in Capital Improvement Fee-Generating Programs
Participating Florida College System Institutions ("PFCSI") and Florida College System
Headcount and FTE[5] Enrollment for Academic Years
2016-17 through 2020-21

	Broward		Florida SouthWestern		Gulf Coast		Palm Beach		St. Petersburg		Santa Fe		Seminole		Tallahassee		PFCSI Total		System Total	
Year	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE
2016-17	62,719	28,998	21,545	10,612	8,077	3,538	41,707	19,109	40,574	18,870	19,797	10,612	24,332	11,167	16,667	8,776	235,418	111,682	624,908	301,630
2017-18	61,866	28,247	22,171	11,076	7,759	3,455	42,315	19,654	39,269	18,377	19,567	10,386	24,210	11,131	16,524	8,809	233,681	111,135	619,967	300,934
2018-19	60,833	28,049	21,867	11,093	7,273	3,154	42,589	19,642	38,840	18,385	19,233	10,242	24,682	11,188	16,381	8,737	231,698	110,490	617,980	301,598
2019-20	57,964	26,884	21,497	10,794	6,881	3,065	41,395	19,223	38,256	18,117	19,030	10,107	24,593	11,150	16,152	8,604	225,768	107,943	607,326	298,684
2020-21[6]	50,407	24,219	19,415	9,766	6,349	2,855	36,673	17,556	35,763	16,608	17,315	9,173	22,435	10,598	15,449	8,359	203,806	99,133	563,039	280,039

IV. Historical Material Participant Resident vs. Out-of-State FTE Student Enrollment in Fee-Generating Programs

Historical Resident vs. Out-of-State
FTE Student Enrollment in Pledged Capital Improvement Fee-Generating Programs
Participating Florida College System Institutions
Academic Years
2016-17 through 2020-21

	Broward		Florida SouthWestern		Gulf Coast		Palm Beach		St. Petersburg		Santa Fe		Seminole		Tallahassee	
Year	Resident	Out-of-State	Resident	Out-of-State	Resident	Out-of-State	Resident	Out-of-State	Resident	Out-of-State	Resident	Out-of-State	Resident	Out-of-State	Resident	Out-of-State
2016-17	27,985	1,013	10,345	267	3,410	128	18,473	636	18,402	468	9,960	652	10,908	259	8,392	384
2017-18	27,245	1,002	10,786	290	3,339	116	19,085	569	17,889	488	9,717	669	10,811	320	8,387	422
2018-19	27,037	1,012	10,807	286	3,038	116	19,114	528	17,898	487	9,598	644	10,871	317	8,319	418
2019-20	25,869	1,014	10,497	297	2,943	122	18,684	539	17,663	454	9,511	596	10,822	328	8,228	376
2020-21	23,374	845	9,512	254	2,736	119	17,102	454	16,125	483	8,546	627	10,343	256	8,024	335

[5] One FTE is equal to 30 credit hours.
[6] Decline in enrollment for Academic Year 2020-21 is generally attributable to the continuing impacts of the COVID-19 pandemic.

V. Resident Material Participant Student Tuition and Capital Improvement Fees

Resident Student Tuition, Capital Improvement Fees ("CIF"), and Other Required Fees[7]
Academic Years 2016-17 through 2020-21

	Broward			Florida SouthWestern			Gulf Coast			Palm Beach			St. Petersburg			Santa Fe			Seminole			Tallahassee			System Average[8]		
Year	Tuition	CIF	Other Fees	Tuition	CIF	Other Fees	Tuition	CIF	Other Fees	Tuition	CIF	Other Fees	Tuition	CIF	Other Fees	Tuition	CIF	Other Fees	Tuition	CIF	Other Fees	Tuition	CIF	Other Fees	Tuition	CIF	Other Fees
2016-17	82.00	13.50	16.40	81.21	13.88	16.27	72.92	7.29	14.59	76.92	10.62	13.46	80.94	15.10	15.71	77.98	8.66	15.13	79.78	9.48	14.82	76.80	11.00	13.03	80.67	11.17	15.15
2017-18	82.00	13.50	16.40	81.21	13.88	16.27	72.92	7.29	14.59	76.92	10.62	13.46	80.94	15.10	15.71	77.98	8.66	15.13	79.78	9.48	14.82	76.80	11.00	13.03	80.63	11.08	15.14
2018-19	82.00	13.50	16.40	81.21	13.88	16.27	72.92	7.29	14.59	76.92	10.62	13.46	80.94	15.10	15.71	77.98	8.66	15.13	79.78	9.48	14.82	76.80	11.00	13.03	80.62	11.10	15.16
2019-20	82.00	13.50	16.40	81.21	13.88	16.27	72.92	7.29	14.59	76.92	10.62	13.46	80.94	15.10	15.71	77.98	8.66	15.13	79.78	9.48	14.82	76.80	11.00	13.03	80.68	11.12	15.17
2020-21	82.00	13.50	16.40	81.21	13.88	16.27	72.92	7.29	14.59	76.92	10.62	13.46	80.94	15.10	15.71	77.98	8.66	15.13	79.78	9.48	14.82	76.80	11.00	13.03	80.68	11.08	15.15

VI. Out-of-State Material Participant Student Tuition and Capital Improvement Fees

Out-of-State Student Tuition, Capital Improvement Fees ("CIF"), and Other Required Fees[7]
Academic Years 2016-17 through 2020-21

	Broward			Florida SouthWestern			Gulf Coast			Palm Beach			St. Petersburg			Santa Fe			Seminole			Tallahassee		
Year	Tuition & Out of State Fee	CIF	Other Fees	Tuition & Out of State Fee	CIF	Other Fees	Tuition & Out of State Fee	CIF	Other Fees	Tuition & Out of State Fee	CIF	Other Fees	Tuition & Out of State Fee	CIF	Other Fees	Tuition & Out of State Fee	CIF	Other Fees	Tuition & Out of State Fee	CIF	Other Fees	Tuition & Out of State Fee	CIF	Other Fees
2016-17	308.40	19.60	39.00	325.00	65.00	40.63	294.34	24.69	36.73	303.57	23.35	36.08	323.91	22.96	40.03	309.10	31.67	37.13	316.47	26.60	38.50	307.20	33.00	36.07
2017-18	308.40	19.60	39.00	325.00	65.00	40.63	294.34	24.69	36.73	303.57	23.35	36.08	323.91	22.96	40.03	309.10	31.67	37.13	316.47	26.60	38.50	307.20	33.00	36.07
2018-19	308.40	19.60	39.00	325.00	65.00	40.63	294.34	24.69	36.73	303.57	23.35	36.08	323.91	22.96	40.03	309.10	31.67	37.13	316.47	26.60	38.50	307.20	44.00	36.07
2019-20	308.40	19.60	39.00	325.00	65.00	40.63	294.34	24.69	36.73	303.57	23.35	36.08	323.91	22.96	40.03	309.10	31.67	37.13	316.47	26.60	38.50	307.20	44.00	36.07
2020-21	308.40	19.60	39.00	325.00	65.00	40.63	294.34	24.69	36.73	303.57	23.35	36.08	323.91	22.96	40.03	309.10	31.67	37.13	316.47	26.60	38.50	307.20	44.00	36.07

[7] Other required fees include Student Financial Aid Fee, Student Activity Fee, and Technology Fee.
[8] These numbers represent the weighted mean for the System. Total tuition and capital improvement fee collections for the System were divided by the total number of students in the System to obtain the weighted mean.

VII. Material Participant Current Year Operating Budget Revenues by Source

Participating Florida College System Institutions
Fiscal Year 2020-21 Operating Budget Revenues by Source

	Broward	Florida SouthWestern	Gulf Coast	Palm Beach	St. Petersburg	Santa Fe	Seminole	Tallahassee
General Revenue	$78,400,793	$32,108,808	$20,522,957	$59,365,122	$62,090,834	$39,550,877	$40,925,391	$29,484,407
Lottery Revenue	$12,890,508	$4,812,670	$3,252,591	$8,401,389	$10,481,424	$4,901,725	$5,395,543	$4,811,587
Total State Resources	$91,291,301	$36,921,478	$23,775,548	$67,766,511	$72,572,258	$44,452,602	$46,320,934	$34,295,994
Tuition and Fees	$64,575,297	$24,550,080	$6,647,105	$44,051,962	$45,826,390	$26,144,639	$26,585,937	$24,232,152
Other Revenues[9]	$6,801,332	$2,640,055	$182,566	$621,361	$2,664,546	($776,305)	$623,450	$1,997,493
Total	$162,667,930	$64,111,613	$30,605,219	$112,439,834	$121,063,193	$69,820,936	$73,530,321	$60,525,639
Unallocated Year End Fund Balance	$52,703,330	$3,358,001	$812,055	$22,512,099	$30,715,812	$19,136,281	$4,652,113	$8,297,411

Participating Florida College System Institutions
Fiscal Year 2021-22 Operating Budget Revenues by Source

	Broward	Florida SouthWestern	Gulf Coast	Palm Beach	St. Petersburg	Santa Fe	Seminole	Tallahassee
General Revenue	$79,810,816	$31,974,450	$20,970,819	$59,382,225	$67,144,561	$39,512,780	$41,568,887	$30,151,082
Lottery Revenue	$14,953,668	$5,649,896	$3,791,300	$9,949,475	$12,104,813	$5,933,828	$6,458,496	$5,576,841
Total State Resources	$94,764,484	$37,624,346	$24,762,119	$69,331,700	$79,249,374	$45,446,608	$48,027,383	$35,727,923
Tuition and Fees	$62,274,987	$22,489,720	$6,405,291	$44,704,388	$42,593,406	$25,267,280	$28,028,860	$21,842,538
Other Revenues	$3,341,520	$2,361,444	$513,094	$1,830,000	$2,834,338	$1,939,954	$786,557	$1,243,163
Total[11]	$160,380,991	$62,475,510	$31,680,504	$115,866,088	$124,677,118	$72,653,842	$76,842,800	$58,813,624
Estimated Unallocated Year End Fund Balance	$23,600,000	$4,428,424	$1,955,000	$10,189,000	$25,900,000	$9,019,623	$4,775,123	$6,133,472

[9] Other Revenue consists of the following categories: Gifts, Private Grant & Contracts; Sales & Services Department; and Other Revenues (including Investments).
[10] Santa Fe reported a loss on investments of ($2,573,999.82), which resulted in a loss for the total Other Revenue category.
[11] Total operating budget includes all appropriated funds.

VIII. Historical Debt Service Coverage.

Fiscal Year	Participating Community Colleges Capital Improvement Fees[12]	Debt Service	Coverage Ratio
2016-17	$39,905,041	$9,250,038	4.31x
2017-18	39,836,315	9,263,838	4.30x
2018-19	39,056,876	8,717,178	4.48x
2019-20[13]	38,274,933	8,704,888	4.40x
2020-21	34,211,127	8,710,150	3.93x

[12] Includes the Capital Improvement Fees of only the Participating Community Colleges who had bonds outstanding in each Fiscal Year.
[13] Revised from previous filing.

Participating Florida College System Institutions
Consolidated Statement of Net Position*
June 30, 2021

FS Section Name	Line	Line Name	BROWARD COLLEGE	FLORIDA SOUTHWESTERN STATE COLLEGE	GULF COAST STATE COLLEGE	PALM BEACH STATE COLLEGE	ST PETERSBURG COLLEGE	SANTA FE COLLEGE	SEMINOLE STATE COLLEGE OF FLORIDA	TALLAHASSEE COMMUNITY COLLEGE	TOTAL PARTICIPATING COLLEGES
Current Assets	CA0100	Cash and Cash Equivalents	30,933,997	7,508,450	4,521,910	$ 23,247,647	36,528,742	23,393,404	11,957,936	8,999,994	147,092,080
Current Assets	CA0200	Restricted Cash and Cash Equivalents	588,018	6,790,790	2,208,685	-	11,842,874	87,502,865	4,192,093	2,646,368	115,771,693
Current Assets	CA0300	Investments	-	6,581,947	-	-	55,606,719	32,447,303	-	2,775,731	97,411,700
Current Assets	CA0400	Restricted Investments	-	1,644,017	19,963,409	21,104,904	23,672	34,763,363	-	-	77,499,365
Current Assets	CA0500	Accounts Receivable, Net	8,173,998	1,993,638	1,980,985	4,629,681	2,305,326	844,643	4,518,700	8,502,969	32,949,940
Current Assets	CA0600	Notes Receivable, Net	510,910	27,382	23,930	-	-	-	-	11,717	573,939
Current Assets	CA0700	Due from Other Governmental Agencies	7,123,931	1,717,637	13,752,217	20,638,287	3,313,111	8,478,282	7,878,194	3,126,729	66,028,388
Current Assets	CA0800	Due from Component Unit/College	288,044	801	-	88,334	6,903,300	41,156	302,997	354,785	7,979,417
Current Assets	CA0900	Inventories	15,607	4,010	457,142	-	91,789	87,819	-	39,605	695,972
Current Assets	CA1000	Prepaid Expenses	152,678	2,647,058	827,841	430,538	40,988	399,003	331,365	-	4,829,471
Current Assets	CA1100	Deposits	680,376	-	-	84,744	720,820	-	14,394	1,000	1,501,334
Current Assets	CA1200	Other Assets	-	-	37,247	-	-	-	-	-	37,247
BS010_CA	CA2000	**Total Current Assets**	**48,467,559**	**28,915,730**	**43,773,366**	**70,224,135**	**117,377,341**	**187,957,838**	**29,195,679**	**26,458,898**	**552,370,546**
Noncurrent Assets	NCA0100	Restricted Cash and Cash Equivalents	11,050,075	10,602,821	5,844,314	24,818,803	12,908,162	23,814,280	16,921,845	8,228,975	114,189,275
Noncurrent Assets	NCA0200	Investments	142,303,376	8,998,702	-	20,726,537	34,175,741	18,039,807	2,424,366	-	226,668,529
Noncurrent Assets	NCA0300	Restricted Investments	18,011,191	47,224,480	18,339,192	-	2,918,257	20,287,250	25,419,988	18,072,116	150,272,474
Noncurrent Assets		Endowment Investments	-	-	-	-	-	11,826,195	-	-	11,826,195
Noncurrent Assets		Prepaid Expenses	-	-	-	-	-	-	6,477	-	6,477
Noncurrent Assets		Due from College	-	-	-	-	-	-	-	-	-
Noncurrent Assets	NCA0400	Loans and Notes Receivable, Net	5,185,923	-	-	5,461,586	-	-	-	-	10,647,509
Noncurrent Assets	NCA0500	Depreciable Capital Assets, Net	212,104,132	159,296,561	80,516,602	212,661,062	239,321,171	72,998,487	167,361,216	107,434,223	1,251,693,454
Noncurrent Assets	NCA0600	Nondepreciable Capital Assets	32,876,460	5,275,941	6,600,453	11,763,426	27,333,526	32,756,320	36,959,278	16,365,761	169,931,165
Noncurrent Assets	NCA0700	Other Assets	-	381,289	16,673	-	45,149	2,680,283	842,920	-	3,966,314
BS020_NCA	NCA2000	**Total Noncurrent Assets**	**421,531,157**	**231,779,794**	**111,317,234**	**275,431,414**	**316,702,006**	**182,402,622**	**249,936,090**	**150,101,075**	**1,939,201,392**
		Total Assets	**469,998,716**	**260,695,524**	**155,090,600**	**345,655,549**	**434,079,347**	**370,360,460**	**279,131,769**	**176,559,973**	**2,491,571,938**
		Deferred Outflows of Resources Related to Pensions	37,730,129	15,057,792	7,145,024	29,438,938	27,158,790	17,086,428	18,508,390	15,372,656	167,498,147
		Deferred Outflows of Other Postemployment Benefits	1,596,356	185,779	727,584	418,902	7,783,889	413,128	126,813	4,598,552	15,851,003
		Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-	-	-	-	-
		Total Deferred Outflow of Resources	**39,326,485**	**15,243,571**	**7,872,608**	**29,857,840**	**34,942,679**	**17,499,556**	**18,635,203**	**19,971,208**	**183,349,150**
		TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**509,325,201**	**275,939,095**	**162,963,208**	**375,513,389**	**469,022,026**	**387,860,016**	**297,766,972**	**196,531,181**	**2,674,921,088**
Current Liabilities	CL0100	Accounts Payable	6,018,650	2,389,569	923,719	3,318,453	4,608,836	4,896,376	2,206,272	1,991,715	26,353,590
Current Liabilities	CL0150	Accrued Interest Payable	-	203,663	-	-	-	-	-	-	203,663
Current Liabilities	CL0200	Salary and Payroll Taxes Payable	1,984,897	2,690,704	1,251,172	1,864,975	1,233,458	4,813,808	1,635,528	1,666,034	17,140,576
Current Liabilities	CL0300	Retainage Payable	422,224	41,058	-	-	424,177	732,551	558,582	18,678	2,197,270
Current Liabilities	CL0400	Due to Other Governmental Agencies	15,128	47,325	-	-	-	175,135	77,817	-	315,405
Current Liabilities	CL0500	Due to Component Unit/College	1,834,000	-	-	-	-		302,997	-	2,136,997
Current Liabilities	CL0600	Unearned Revenue	2,164,963	385,318	2,060,766	179,711	589,662	1,192,560	2,159,091	1,351,557	10,083,628
Current Liabilities	CL0700	Estimated Insurance Claims Payable	4,160,785	-	-	-	-	-	-	-	4,160,785
Current Liabilities	CL0800	Deposits Held for Others	2,557,868	406,116	-	1,084,871	1,205,392	83,679,250	112,694	405,006	89,451,197
Current Liabilities	CL0900	Bonds Payable	960,000	1,705,708	325,000	1,057,000	1,649,000	770,000	356,000	837,000	7,659,708
Current Liabilities	CL1000	Notes and Loans Payable	2,142,858	393,717	284,787	-	-	-	-	760,079	3,581,441
Current Liabilities		Unearned Lease Revenue	66,667	-	-	-	-	-	-	-	66,667
Current Liabilities	CL1100	Installment Purchases Payable	-	-	-	-	53,200	-	-	-	53,200
Current Liabilities	CL1200	Capital Leases Payable	-	-	-	-	895,016	-	644,073	399,153	1,938,242
Current Liabilities	CL1300	Special Termination Benefits Payable	-	72,959	-	-	-	-	-	73,263	146,222
Current Liabilities	CL1400	Compensated Absences Payable	1,112,029	45,793	288,866	761,789	1,182,155	871,217	197,376	881,862	5,341,087
Current Liabilities		Other Postemployment Benefits Payable	259,640	42,041	31,965	62,208	219,475	101,820	58,181	333,516	1,108,846
Current Liabilities		Net Pension Liability	327,318	136,943	64,267	255,641	6,583,427	136,778	156,148	134,802	7,795,324
Current Liabilities	CL1500	Other Long-Term Liabilities	-	-	-	64,425	-	-	-	-	64,425
BS030_CL	CL2000	**Total Current Liabilities**	**24,027,027**	**8,560,914**	**5,230,542**	**8,649,073**	**18,643,798**	**97,369,495**	**8,464,759**	**8,852,665**	**179,798,273**

Noncurrent Liabilities	NCL0100	Bonds Payable	6,840,000	28,009,461	3,105,000	9,307,000	11,744,000	4,450,000	1,832,000	5,603,000	70,890,461
Noncurrent Liabilities		Due to Component Unit	-	-	-	-	-	-	-	-	-
Noncurrent Liabilities	NCL0200	Notes and Loans Payable	-	-	162,810	-	-	-	-	2,425,703	2,588,513
Noncurrent Liabilities		Unearned Lease Revenue	1,405,555	-	-	-	-	-	-	-	1,405,555
Noncurrent Liabilities		Unearned Revenue	-	2,497	-	-	-	-	-	-	2,497
Noncurrent Liabilities		Derivative Instrument, Interest Rate Swap	-	-	-	-	-	-	-	-	-
Noncurrent Liabilities	NCL0300	Installment Purchases Payable	-	-	-	-	1,357,678	-	-	-	1,357,678
Noncurrent Liabilities	NCL0400	Capital Leases Payable	-	-	-	-	1,364,928	-	1,919,106	5,448,998	8,733,032
Noncurrent Liabilities	NCL0500	Special Termination Benefits Payable	-	41,883	-	-	-	-	-	390,181	432,064
Noncurrent Liabilities	NCL0600	Compensated Absences Payable	12,478,338	5,439,288	3,307,167	8,457,233	10,639,397	9,635,628	6,971,571	3,801,128	60,729,750
Noncurrent Liabilities		Net Pension Liability	110,538,784	44,858,755	21,147,483	85,445,757	76,953,130	49,941,722	55,148,288	48,290,295	492,324,214
Noncurrent Liabilities	NCL0700	Other Postemployment Benefits Payable	5,145,209	1,027,431	2,545,180	1,329,427	43,361,331	1,618,753	2,136,149	8,839,434	66,002,914
Noncurrent Liabilities	NCL0800	Other Long-Term Liabilities	-	-	-	1,135,545	-	18,723,271	-	-	19,858,816
BS040_NCL	NCL2000	**Total Noncurrent Liabilities**	**136,407,886**	**79,379,315**	**30,267,640**	**105,674,962**	**145,420,464**	**84,369,374**	**68,007,114**	**74,798,739**	**724,325,494**
		Total Liabilities	**160,434,913**	**87,940,229**	**35,498,182**	**114,324,035**	**164,064,262**	**181,738,869**	**76,471,873**	**83,651,404**	**904,123,767**
		DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-
		Deferred Inflows of Resources Related to Pensions	6,147,008	1,332,425	1,459,709	5,149,674	9,542,472	3,094,925	2,049,887	3,541,856	32,317,956
		Deferred Inflows Other Postemployment Benefits	3,986,740	38,997	188,251	452,967	6,676,298	98,712	541,174	2,190,032	14,173,171
		Deferred Inflows of Resources Related to Irrevocable Split-Interest Agreements	-	-	-	-	-	435,866	-	-	-
		TOTAL DEFERRED INFLOWS OF RESOURCES	**10,133,748**	**1,371,422**	**1,647,960**	**5,602,641**	**16,218,770**	**3,629,503**	**2,591,061**	**5,731,888**	**46,491,127**
		TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**170,568,661**	**89,311,651**	**37,146,142**	**119,926,676**	**180,283,032**	**185,368,372**	**79,062,934**	**89,383,292**	**950,614,894**
Net Position	NA0100	Invested in Capital Assets, Net of Related Debt	235,037,734	134,463,617	83,687,055	214,039,892	249,590,875	100,521,409	199,569,315	107,515,808	1,324,425,705
Net Position	NA0200	Restricted for Endowment-Nonexpendable	43,955,775	19,660,804	17,630,647	20,726,537	32,111,406	35,295,245	12,526,522	17,089,503	198,996,439
Net Position	NA0300	Restricted for Endowment-Expendable	-	-	-	-	-	-	-	-	-
Net Position	NA0400	Grants and Loans	1,551,607	5,459,895	1,847,889	1,986,288	68,374,913	2,390,641	1,202,389	1,090,350	83,903,972
Net Position	NA0500	Scholarships	35,678,372	27,487,919	20,891,070	24,407,758	433,718	4,268,614	17,442,167	3,410,718	134,020,336
Net Position	NA0600	Capital Projects	27,312,425	11,114,139	17,259,885	27,819,854	16,005,657	29,193,754	18,032,450	11,253,004	157,991,168
Net Position	NA0700	Restricted for Debt Service	38,983	16,844	-	-	23,672	-	10,359	74,596	164,454
Net Position	NA0800	Other	-	-	-	-	-	10,121,976	-	-	10,121,976
Net Position	NA0900	Unrestricted	(4,818,356)	(11,575,774)	(15,499,480)	(33,393,616)	(77,801,247)	20,700,005	(30,079,164)	(33,286,090)	(185,753,722)
BS050_NA	NA2000	**Total Net Position**	**338,756,540**	**186,627,444**	**125,817,066**	**255,586,713**	**288,738,994**	**202,491,644**	**218,704,038**	**107,147,889**	**1,723,870,328**
		Total Liabilities, Deferred Inflows, and Net Position	**509,325,201**	**275,939,095**	**162,963,208**	**375,513,389**	**469,022,026**	**387,860,016**	**297,766,972**	**196,531,181**	**2,674,485,222**

Source: This consolidated statement is not audited. The most recent audited financial statements of each Participating FCS Institution may be found at http//:flauditor.gov/pages/Reports.aspx

* Includes data from college as well as component units

Participating Florida College System Institutions
Consolidated Statement of Revenues, Expenses, and Changes in Net Position*
June 30, 2021

FS SectionName	Line Name	BROWARD COLLEGE	FLORIDA SOUTHWESTERN STATE COLLEGE	GULF COAST STATE COLLEGE	PALM BEACH STATE COLLEGE	ST PETERSBURG COLLEGE	SANTA FE COLLEGE	SEMINOLE STATE COLLEGE OF FLORIDA	TALLAHASSEE COMMUNITY COLLEGE	TOTAL PARTICIPATING COLLEGES
Operating Revenues	Student Tuition and Fees	45,349,047	16,717,872	4,499,101	28,365,071	36,566,768	25,327,301	21,529,408	$ 18,908,103	197,262,671
Operating Revenues	Federal Grants and Contracts	9,062,695	860,178	4,229,247	4,702,871	453,946	3,632,190	3,046,115	5,697,553	31,684,795
Operating Revenues	State and Local Grants and Contracts	3,487,977	2,497,247	174,015	5,066,154	1,478,398	593,667	646,915	13,361,654	27,306,027
Operating Revenues	Nongovernmental Grants and Contracts	9,944,356	2,704,947	1,576,332	13,053,821	535,974	40,836,353	2,387,610	1,707,149	72,746,542
Operating Revenues	Sales and Services of Educational Departments	46,341	937,482	16,104	467,733	686,296	501,525	81,138	-	2,736,619
Operating Revenues	Auxiliary Enterprises	2,120,538	3,258,152	1,632,909	855,889	1,635,754	562,957	1,309,899	2,219,707	13,595,805
Operating Revenues	Other Operating Revenues	7,289,473	779,778	1,242,836	1,926,744	6,817,517	748,854	2,670,767	4,810,198	26,286,167
	Total Operating Revenues	**77,300,427**	**27,755,656**	**13,370,544**	**54,438,283**	**48,174,653**	**72,202,847**	**31,671,852**	**46,704,364**	**371,618,626**
Operating Expenses	Personnel Services	161,365,499	67,361,255	28,024,069	115,951,732	123,217,596	72,455,730	75,385,301	60,707,267	704,468,449
Operating Expenses	Scholarships and Waivers	79,042,347	16,452,259	8,819,542	49,778,814	46,128,590	17,129,476	24,400,594	20,100,418	261,852,040
Operating Expenses	Utilities and Communications	3,702,455	2,600,410	1,836,651	2,597,666	5,868,180	2,226,663	2,383,807	2,235,761	23,451,593
Operating Expenses	Contractual Services	35,336,229	16,316,831	3,160,025	12,516,520	12,307,553	12,177,860	4,101,934	14,298,065	110,215,017
Operating Expenses	Other Services and Expenses	9,343,699	8,020,821	3,814,120	10,389,016	6,970,314	5,867,173	6,649,692	10,164,109	61,218,944
Operating Expenses	Materials and Supplies	7,695,333	6,183,142	5,379,031	10,150,472	17,990,705	8,564,850	9,382,597	4,717,157	70,063,287
Operating Expenses	Depreciation	10,329,836	6,875,437	4,899,737	15,162,740	11,425,004	5,151,231	7,816,078	7,008,624	68,668,687
	Total Operating Expenses	**306,815,398**	**123,810,155**	**55,933,175**	**216,546,960**	**223,907,942**	**123,572,983**	**130,120,003**	**119,231,401**	**1,299,938,017**
	Total Operating Loss	**(229,514,971)**	**(96,054,499)**	**(42,562,631)**	**(162,108,677)**	**(175,733,289)**	**(51,370,136)**	**(98,448,151)**	**(72,527,037)**	**(928,319,391)**
Nonoperating Revenues (Expenses)	State Noncapital Appropriations	92,457,170	42,660,606	24,788,732	68,345,286	73,703,011	45,027,440	47,152,681	34,768,457	428,903,383
Nonoperating Revenues (Expenses)	Federal and State Student Financial Aid	101,688,015	35,921,031	9,107,523	68,374,212	60,269,406	29,214,268	32,077,596	25,243,607	361,895,658
Nonoperating Revenues (Expenses)	Gifts and Grants	27,424,114	7,207,894	5,183,211	28,636,847	27,542,870	7,820,019	11,499,204	5,354,404	120,668,563
Nonoperating Revenues (Expenses)	Investment Income	1,502,413	1,392,814	7,966,705	5,267,047	328,921	-	398,432	6,009,017	22,865,349
Nonoperating Revenues (Expenses)	Net Gain (Loss) on Investments	11,193,003	10,808,226	-	(728,751)	28,757,107	768,151	4,737,534	-	55,535,270
Nonoperating Revenues (Expenses)	Other Nonoperating Revenues	31,430	53,505	1,659,506	57,184	-	-	142,051	67,694	2,011,370
Nonoperating Revenues (Expenses)	Loss (Gain) on Disposal of Capital Assets	-	(52,774)	-	-	1,984,195	(280,945)	55,643	-	1,706,119
Nonoperating Revenues (Expenses)	Interest on Capital Asset-Related Debt	(510,366)	(1,080,265)	(159,365)	(440,656)	(821,383)	-	(175,978)	(594,453)	(3,782,466)
Nonoperating Revenues (Expenses)	Other Nonoperating Expenses	-	-	-	-	-	(297,500)	-	-	-
	Net Nonoperating Revenues (Expenses)	**233,785,779**	**96,911,037**	**48,546,312**	**169,511,169**	**191,764,127**	**82,251,433**	**95,887,163**	**70,848,726**	**989,505,746**
	Loss Before Other Revenues, Expenditures, Gains or Losses	**4,270,808**	**856,538**	**5,983,681**	**7,402,492**	**16,030,838**	**30,881,297**	**(2,560,988)**	**(1,678,311)**	**61,186,355**
Other Revenues, Expenses, Gains, or Losses	State Capital Appropriations	926,000	722,959	94,840	636,400	637,600	366,000	4,961,108	716,257	9,061,164
Other Revenues, Expenses, Gains, or Losses	Capital Grants, Contracts, Gifts, and Fees	9,109,660	4,132,181	892,311	5,229,839	6,958,687	3,228,240	3,635,644	3,193,012	36,379,574
Other Revenues, Expenses, Gains, or Losses	Other Expenses	-	(5,916)	-	-	-	(426,649)	-	-	(432,565)
Other Revenues, Expenses, Gains, or Losses	Additions to Endowments	-	10,950	-	-	621,435	763,407	-	-	1,395,792
Other Revenues, Expenses, Gains, or Losses	Transfers in support of College	-	-	-	-	-	-	-	-	-
Other Revenues, Expenses, Gains, or Losses	Other Revenues	321,668	-	-	-	-	-	-	-	321,668
	Total Other Revenues	10,357,328	4,860,174	987,151	5,866,239	8,217,722	3,930,998	8,596,752	**3,909,269**	**46,725,633**
	Total Increase (Decrease) in Net Assets	**14,628,136**	**5,716,712**	**6,970,832**	**13,268,731**	**24,248,560**	**34,812,295**	**6,035,764**	**2,230,958**	**107,911,988**
Beginning Net Assets	Net Assets, Beginning of Year	324,126,584	180,910,732	118,835,901	242,317,982	265,524,164	167,679,349	212,668,274	104,916,931	1,616,979,917
	Adjustments to Beginning Net Position	1,820	-	10,333	-	(1,033,730)	-	-	-	(1,021,577)
	Ending Net Assets	**338,756,540**	**186,627,444**	**125,817,066**	**255,586,713**	**288,738,994**	**202,491,644**	**218,704,038**	**107,147,889**	**1,723,870,328**

Source: This consolidated statement is not audited. The most recent audited financial statements of each Participating FCS Institution may be found at http//:flauditor.gov/pages/Reports.aspx

* Includes data from college as well as component units

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2022-116
February 2022

BROWARD COLLEGE

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2020-21 fiscal year, Gregory Adam Haile, Esq. served as President of Broward College and the following individuals served as Members of the Board of Trustees:

Gloria M. Fernandez, Chair
Matthew Caldwell J.D., Vice Chair from 8-11-20 [a]
Zachariah "Reggie" P. Zachariah Jr.
Akhil K. Agrawal from 1-13-21 [b]

[a] Vice Chair position vacant 7-1-20, through 8-10-20.
[b] Trustee position vacant 7-1-20, through 1-12-21.

Note: One Trustee position 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 Zlatina Ruseva, and the audit was supervised by Diana G. Garza, 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.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

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State of Florida Auditor General
Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

BROWARD COLLEGE

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Broward 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 determine whether Broward College and its officers with administrative and stewardship responsibilities for College operations had:

- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also 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.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Broward 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, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. 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. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Broward College and of its aggregate discretely presented component units as of June 30, 2021, 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.

Other Matter

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** as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022, on our consideration of the Broward 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 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 Broward College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
February 9, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

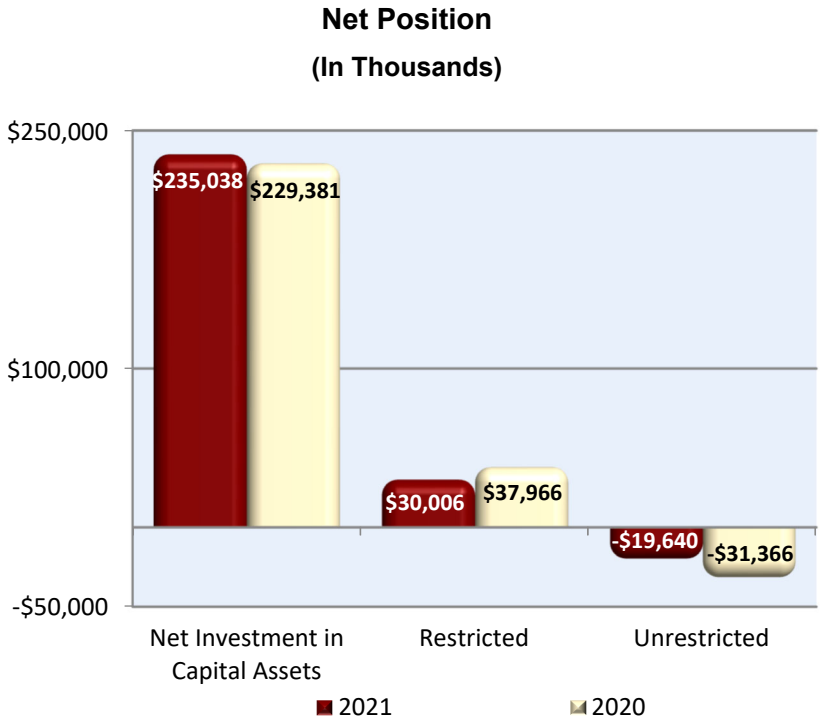
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2021, and June 30, 2020.

FINANCIAL HIGHLIGHTS

The College's assets totaled $374.3 million at June 30, 2021. This balance reflects a $16.5 million, or 4.6 percent, increase as compared to the 2019-20 fiscal year. Liabilities increased by $12.2 million, or 8.4 percent, totaling $158.1 million at June 30, 2021. In addition, deferred outflows of resources increased by $2.5 million, or 6.8 percent, and deferred inflows of resources decreased by $2.6 million, or 20.5 percent. As a result, the College's net position increased by $9.4 million, resulting in a year-end balance of $245.4 million.

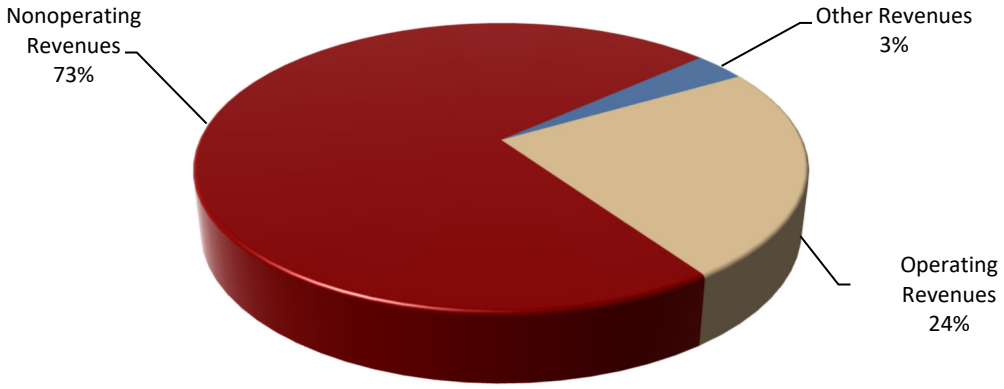
The College's operating revenues totaled $72.9 million for the 2020-21 fiscal year, representing a 2.5 percent increase compared to the 2019-20 fiscal year. Operating expenses totaled $298.2 million for the 2020-21 fiscal year, representing an increase of 7.7 percent as compared to the 2019-20 fiscal 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, 2021, and June 30, 2020, is shown in the following graph:



The following chart provides a graphical presentation of College revenues by category for the 2020-21 fiscal year:

Total Revenues
2020-21 Fiscal Year



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the College and its component units. These component units include:

- Broward College Foundation, Inc. – Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida.
- BCEduventures, Inc. – Began operations on July 1, 2017, to serve as a supporting organization to the College, a tax-exempt public charity under Title 26, Section 501(c)(3), United States Code. The organization was established to receive, hold, invest, and administer gifts and to make expenditures to, or for the benefit of the College.

Information regarding these component units is presented in the notes to financial statements. This MD&A focuses on the College, excluding the discretely presented component units.

The Statement of Net Position

The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the College, 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)

	2021	2020
Assets		
Current Assets	$ 42,461	$ 25,621
Capital Assets, Net	244,981	242,381
Other Noncurrent Assets	86,828	89,769
Total Assets	374,270	357,771
Deferred Outflows of Resources	39,326	36,827
Liabilities		
Current Liabilities	21,650	25,021
Noncurrent Liabilities	136,408	120,852
Total Liabilities	158,058	145,873
Deferred Inflows of Resources	10,134	12,744
Net Position		
Net Investment in Capital Assets	235,038	229,381
Restricted	30,006	37,966
Unrestricted	(19,640)	(31,366)
Total Net Position	$ 245,404	$ 235,981

Significant changes were the result of the following factors:

- The increase in current assets of $16.8 million is mainly due to increases in cash and cash equivalents and restricted cash and cash equivalents of $28.6 million, accounts receivable of $2.2 million offset by decreases in due from other governmental agencies of $5.4 million, and prepaid expenses of $1.7 million.
- The increase in noncurrent liabilities of $15.6 million is primarily due to increases of $14.4 million in the Florida Retirement System (FRS) and Health Insurance Subsidy net pension liability related to GASB Statement No. 68, $2.9 million in compensated absences payable related to GASB Statement No. 16, and $0.9 million in other postemployment benefits payable related to GASB Statement No. 75, offset by decreases of $3.1 million in scheduled debt service payments for bonds and notes payable and $0.1 million in unearned lease revenue.
- The decrease in deferred inflows of resources of $2.6 million is due to decreases of $2.1 million associated with the FRS pension and $0.5 million in other postemployment benefits.
- The decrease in restricted net position of $8 million is mainly due to decreases in grants and loans of $0.9 million and in capital projects of $7.3 million.
- The increase of unrestricted net position of $11.7 million is primarily due to an increase of revenue over expenditures in the unrestricted fund, as the College continued to exercise cost containment efforts in its primary operations.

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 2020-21 and 2019-20 fiscal years:

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

(In Thousands)

	2020-21	2019-20
Operating Revenues	$ 72,859	$ 71,082
Less, Operating Expenses	298,157	276,845
Operating Loss	(225,298)	(205,763)
Net Nonoperating Revenues	224,662	191,407
Loss Before Other Revenues	(636)	(14,356)
Other Revenues	10,058	11,116
Net Increase (Decrease) In Net Position	9,422	(3,240)
Net Position, Beginning of Year	235,981	239,221
Adjustment to Beginning Net Position (1)	1	-
Net Position, Beginning of Year, as Restated	235,982	239,221
Net Position, End of Year	$ 245,404	$ 235,981

(1) For the 2020-21 fiscal year, the College's beginning net position was increased due to a decrease of GASB Statement No. 68 in Employer Proportionate Share of Net Position Liability at Measurement Date as of June 30, 2019.

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 2020-21 and 2019-20 fiscal years:

Operating Revenues
For the Fiscal Years

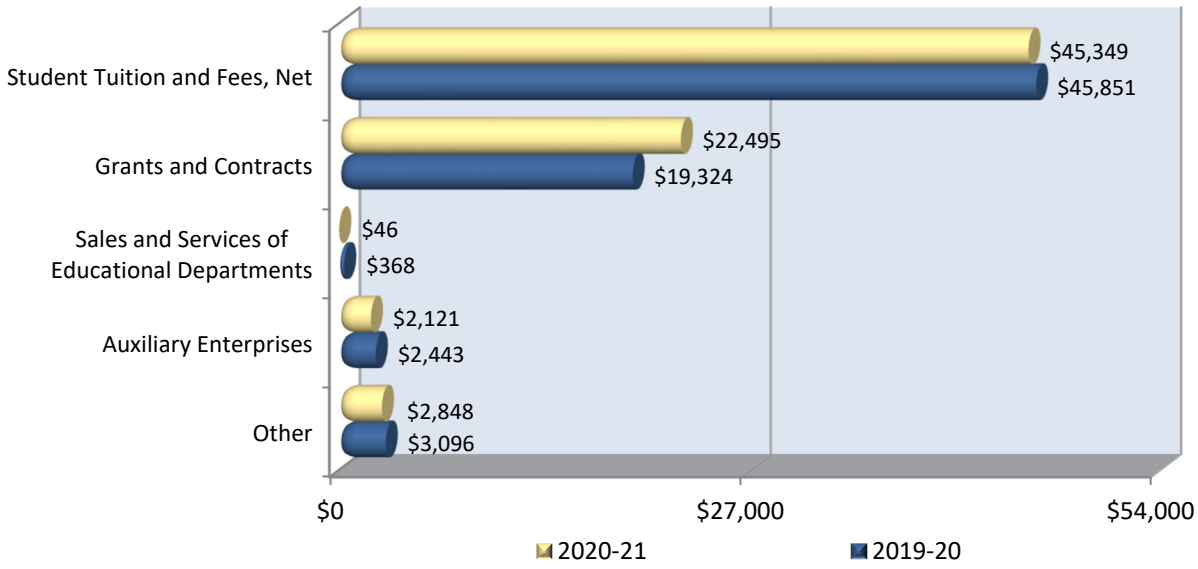
(In Thousands)

	2020-21	2019-20
Student Tuition and Fees, Net	$ 45,349	$ 45,851
Grants and Contracts	22,495	19,324
Sales and Services of Educational Departments	46	368
Auxiliary Enterprises	2,121	2,443
Other	2,848	3,096
Total Operating Revenues	$ 72,859	$ 71,082

The following chart presents the College's operating revenues for the 2020-21 and 2019-20 fiscal years:

Operating Revenues

(In Thousands)



Operating Expenses

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

The following summarizes operating expenses by natural classification for the 2020-21 and 2019-20 fiscal years:

Operating Expenses
For the Fiscal Years

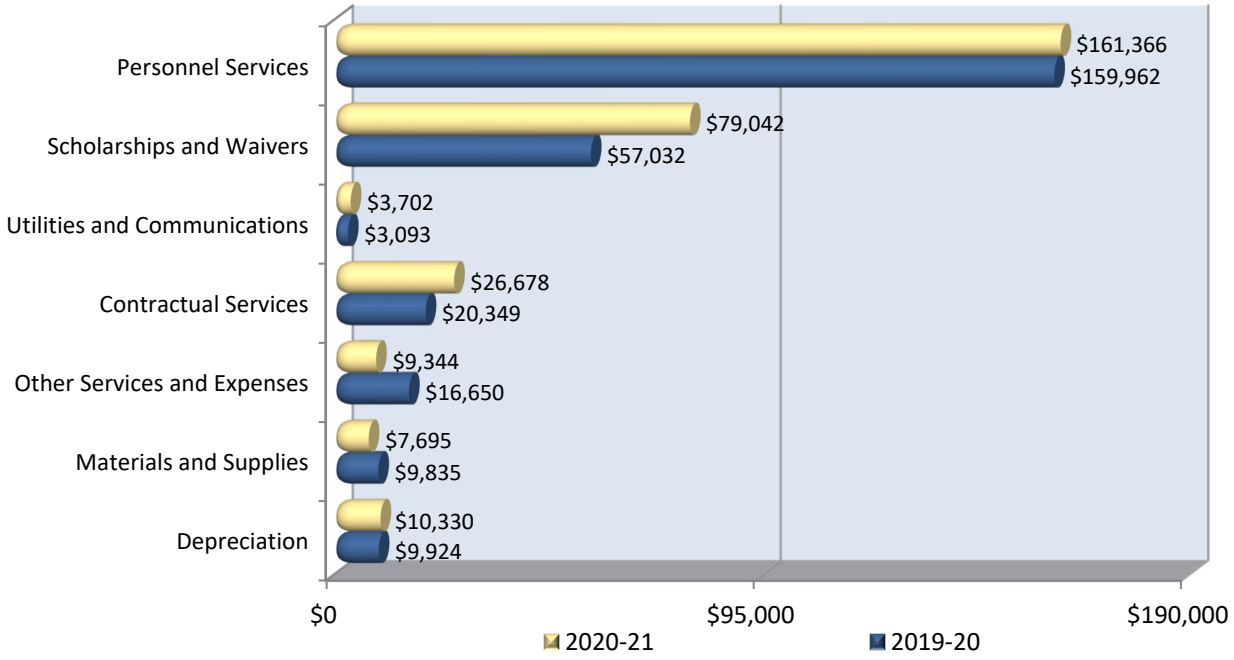
(In Thousands)

	2020-21	2019-20
Personnel Services	$ 161,366	$159,962
Scholarships and Waivers	79,042	57,032
Utilities and Communications	3,702	3,093
Contractual Services	26,678	20,349
Other Services and Expenses	9,344	16,650
Materials and Supplies	7,695	9,835
Depreciation	10,330	9,924
Total Operating Expenses	$ 298,157	$276,845

The following chart presents the College's operating expenses for the 2020-21 and 2019-20 fiscal years:

Operating Expenses

(In Thousands)



College operating expense changes were the result of the following factors:

- Scholarships and waivers increased by $22 million, or 38.6 percent, mainly due to an increase in funding of $11.3 million from Coronavirus Aid, Relief, and Economic Security (CARES) Act and $10.6 million from Coronavirus Response and Relief Supplemental Appropriations Act to support students.
- Contractual services increased by $6.3 million, or 31.1 percent, mainly due to an increase of CARES Institutional Emergency Funds of $5.5 million to develop online courses for remote learning during the COVID-19 pandemic and beyond.
- Other services and expenses decreased by $7.3 million, or 43.9 percent, mainly due to decreases in repairs and maintenance of $4.8 million, travel of $1.4 million, and printing of $0.8 million.

- Materials and supplies decreased by $2.1 million, or 21.8 percent, mainly due to decreases in data software of $1.2 million and minor equipment of $1.1 million.

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 2020-21 and 2019-20 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Noncapital Appropriations	$ 92,457	$ 92,814
Federal and State Student Financial Aid	101,688	93,144
Gifts and Grants	27,424	3,434
Investment Income	1,502	2,293
Net Gain on Investments	2,069	289
Other Nonoperating Revenues	32	38
Interest on Capital Asset-Related Debt	(510)	(605)
Net Nonoperating Revenues	$ 224,662	$ 191,407

College net nonoperating revenue changes were mainly because gifts and grants increased by $24 million mainly due to an increase of $24.2 million for the Higher Education Emergency Relief Fund - Institutional Portion formula grants.

Other Revenues

This category is mainly composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues for the 2020-21 and 2019-20 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Capital Appropriations	$ 926	$ 954
Capital Grants, Contracts, Gifts, and Fees	9,110	10,134
Other Revenues	22	28
Total	$ 10,058	$ 11,116

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 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
Cash Provided (Used) by:		
Operating Activities	$ (200,770)	$ (186,097)
Noncapital Financing Activities	222,569	189,062
Capital and Related Financing Activities	(6,172)	(6,730)
Investing Activities	13,002	(2,782)
Net Increase (Decrease) in Cash and Cash Equivalents	28,629	(6,547)
Cash and Cash Equivalents, Beginning of Year	9,997	16,544
Cash and Cash Equivalents, End of Year	$ 38,626	$ 9,997

Major sources of funds came from State noncapital appropriations ($92.5 million), net student tuition and fees ($46.9 million), grants and contracts ($25.1 million), Federal and State student financial aid ($101.8 million), Federal Direct Student Loan program receipts ($12.6 million), and noncapital grants and gifts ($27.4 million). Major uses of funds were for payments to employees and for employee benefits ($151.1 million), payments for scholarships ($79 million), disbursements to students for Federal Direct Student Loans ($12.6 million), and to providers of goods and services ($43.1 million).

The College's cash and cash equivalents increased by $28.6 million, or 286.4 percent, as compared to the prior fiscal year. The increase of $14.7 million in net cash used by operations was primarily due to increases in payments for scholarships of $22 million, payments for employees and employee benefits of $0.6 million, and a reduction in other receipts of $2.3 million, offset by an increase in grants and contracts of $5.5 million, and a reduction in payments to suppliers of $5.2 million. The increase of $33.5 million in net cash provided by noncapital financing activities was primarily due to increases in gifts and grants received for other than capital or endowment purposes of $24 million, in Federal and State student financial aid of $8.7 million, and in other nonoperating receipts of $1.1 million. The decrease in net cash used by capital and related financing activities of $0.6 million was primarily due to a decrease in purchases of capital assets of $4.1 million, offset by a decrease in State capital appropriations of $2.7 million and in capital grants and gifts of $1 million. Cash provided by investing activities increased by $15.8 million due to a $16.6 million increase from sales of investments, offset by a $0.8 million decrease in investment income.

Capital Assets

At June 30, 2021, the College had $466 million in capital assets, less accumulated depreciation of $221 million, for net capital assets of $245 million. Depreciation charges for the current fiscal year totaled $10.3 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)

	2021	2020
Land	$ 12,551	$ 12,551
Construction in Progress	15,543	12,867
Software in Progress	4,783	4,745
Buildings	195,308	198,347
Other Structures and Improvements	14,027	10,869
Furniture, Machinery, and Equipment	1,302	1,112
Leasehold Improvements	254	273
Software	1,213	1,617
Capital Assets, Net	$ 244,981	$ 242,381

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

Capital Expenses and Commitments

The College's construction commitments at June 30, 2021, are as follows:

	Amount (In Thousands)
Total Committed	$ 32,488
Completed to Date	(15,543)
Balance Committed	$ 16,945

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

Debt Administration

As of June 30, 2021, the College had $9.9 million in long-term debt and notes payable, representing a decrease of $3.1 million, or 23.5 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)

	2021	2020
Capital Improvement Revenue Bonds	$ 7,800	$ 8,715
Notes Payable	2,143	4,286
Total	$ 9,943	$ 13,001

The State Board of Education issues capital outlay bonds on behalf of the College. During the 2020-21 fiscal year, there were no bond sales and debt repayments totaled $3.1 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources due to the COVID-19 pandemic, only a modest increase in State funding is anticipated in the 2021-22 fiscal year. Due to the uncertainty of the economic outlook, and as is usual and customary, the College exercised a conservative approach to budgeting and spending while providing optimal services to the students.

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 Caleb J. Cornelius, Vice President of Finance, Broward College, 6400 NW 6th Way, Fort Lauderdale, Florida 33309.

BROWARD COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2021

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 26,988,176	$ 3,945,821
Restricted Cash and Cash Equivalents	588,018	-
Accounts Receivable, Net	6,162,741	2,011,257
Notes Receivable, Net	495,076	15,834
Due from Other Governmental Agencies	7,123,931	-
Due from Component Units	288,044	-
Inventories	15,607	-
Prepaid Expenses	118,847	33,831
Deposits	680,376	-
Total Current Assets	42,460,816	6,006,743
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	11,050,075	-
Investments	52,580,766	89,722,610
Restricted Investments	18,011,191	-
Lease Receivable Noncurrent	5,185,923	-
Depreciable Capital Assets, Net	212,104,132	-
Nondepreciable Capital Assets	32,876,460	-
Total Noncurrent Assets	331,808,547	89,722,610
TOTAL ASSETS	374,269,363	95,729,353
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	1,596,356	-
Pensions	37,730,129	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	39,326,485	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	5,979,958	38,692
Salary and Payroll Taxes Payable	1,984,897	-
Retainage Payable	422,224	-
Due to Other Governmental Agencies	15,128	-
Due to College	-	1,834,000
Unearned Revenue	1,660,793	504,170
Estimated Insurance Claims Payable	4,160,785	-
Deposits Held for Others	2,557,868	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	960,000	-
Notes Payable	2,142,858	-
Unearned Lease Revenue	66,667	-
Compensated Absences Payable	1,112,029	-
Other Postemployment Benefits Payable	259,640	-
Net Pension Liability	327,318	-
Total Current Liabilities	21,650,165	2,376,862

	College	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	6,840,000	-
Unearned Lease Revenue	1,405,555	-
Compensated Absences Payable	12,478,338	-
Other Postemployment Benefits Payable	5,145,209	-
Net Pension Liability	110,538,784	-
Total Noncurrent Liabilities	136,407,886	-
TOTAL LIABILITIES	158,058,051	2,376,862
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	3,986,740	-
Pensions	6,147,008	-
TOTAL DEFERRED INFLOWS OF RESOURCES	10,133,748	-
NET POSITION		
Net Investment in Capital Assets	235,037,734	-
Restricted:		
Nonexpendable:		
Endowment	1,071,690	42,884,085
Expendable:		
Grants and Loans	1,551,607	-
Scholarships	31,811	35,646,561
Capital Projects	27,312,425	-
Debt Service	38,983	-
Unrestricted	(19,640,201)	14,821,845
TOTAL NET POSITION	$ 245,404,049	$ 93,352,491

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

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BROWARD 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, 2021

	College	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $37,067,548	$ 45,349,047	$ -
Federal Grants and Contracts	9,062,695	-
State and Local Grants and Contracts	3,487,977	-
Nongovernmental Grants and Contracts	9,944,356	-
Sales and Services of Educational Departments	46,341	-
Auxiliary Enterprises	2,120,538	-
Other Operating Revenues	2,848,123	4,441,350
Total Operating Revenues	72,859,077	4,441,350
EXPENSES		
Operating Expenses:		
Personnel Services	161,365,499	-
Scholarships and Waivers	79,042,347	-
Utilities and Communications	3,702,455	-
Contractual Services	26,678,131	8,658,098
Other Services and Expenses	9,343,699	-
Materials and Supplies	7,695,333	-
Depreciation	10,329,836	-
Total Operating Expenses	298,157,300	8,658,098
Operating Loss	(225,298,223)	(4,216,748)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	92,457,170	-
Federal and State Student Financial Aid	101,688,015	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	27,424,114	-
Investment Income	1,502,413	-
Net Gain on Investment	2,069,223	9,123,780
Other Nonoperating Revenues	31,430	-
Interest on Capital Asset-Related Debt	(510,366)	-
Net Nonoperating Revenues	224,661,999	9,123,780
Income (Loss) Before Other Revenues	(636,224)	4,907,032
State Capital Appropriations	926,000	-
Capital Grants, Contracts, Gifts, and Fees ($2,142,858 pledged for Notes Payable)	9,109,660	-
Other Revenues	22,293	299,375
Total Other Revenues	10,057,953	299,375
Increase in Net Position	9,421,729	5,206,407
Net Position, Beginning of Year	235,980,500	88,146,084
Adjustment to Beginning Net Position	1,820	-
Net Position, Beginning of Year, as Restated	235,982,320	88,146,084
Net Position, End of Year	$ 245,404,049	$ 93,352,491

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

BROWARD COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2021

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 46,901,888
Grants and Contracts	25,084,880
Payments to Suppliers	(43,056,317)
Payments for Utilities and Communications	(3,702,455)
Payments to Employees	(115,520,975)
Payments for Employee Benefits	(35,576,747)
Payments for Scholarships	(79,040,428)
Collection on Loans to Students	7,657,560
Loans Issued to Students	(7,330,397)
Auxiliary Enterprises	2,060,091
Sales and Services of Educational Departments	46,341
Other Receipts	1,707,128
Net Cash Used by Operating Activities	(200,769,431)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	92,457,170
Federal and State Student Financial Aid	101,817,532
Federal Direct Loan Program Receipts	12,590,133
Federal Direct Loan Program Disbursements	(12,590,133)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	27,424,114
Private Gifts for Endowment Purposes	22,293
Other Nonoperating Receipts	848,098
Net Cash Provided by Noncapital Financing Activities	222,569,207
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	1,777,747
Capital Grants and Gifts	9,109,660
Proceeds from Sale of Capital Assets	31,430
Purchases of Capital Assets	(13,522,494)
Principal Paid on Capital Debt and Leases	(3,057,857)
Interest Paid on Capital Debt and Leases	(510,366)
Net Cash Used by Capital and Related Financing Activities	(6,171,880)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sales of Investments	11,499,419
Investment Income	1,502,413
Net Cash Provided by Investing Activities	13,001,832
Net Increase in Cash and Cash Equivalents	28,629,728
Cash and Cash Equivalents, Beginning of Year	9,996,541
Cash and Cash Equivalents, End of Year	$ 38,626,269

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (225,298,223)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	10,329,836
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(1,920,638)
Notes Receivable, Net (Loans to Students)	327,163
Due from Other Governmental Agencies	3,548,253
Due from Component Units	(184,971)
Inventories	6,259
Prepaid Expenses	1,694,819
Accounts Payable	(890,579)
Salaries and Payroll Taxes Payable	(124,692)
Unearned Revenue	111,434
Estimated Insurance Claims Payable	(336,564)
Deposits Held for Others	(1,140,995)
Compensated Absences Payable	2,907,725
Other Postemployment Benefits Payable	925,167
Net Pension Liability	14,386,476
Deferred Outflows of Resources Related to Other Postemployment Benefits	(520,558)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(535,416)
Deferred Outflows of Resources Related to Pensions	(1,979,212)
Deferred Inflows of Resources Related to Pensions	(2,074,715)
NET CASH USED BY OPERATING ACTIVITIES	$ (200,769,431)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES	
Unrealized gains on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 2,069,223

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

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

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

- Broward College Foundation, Inc. (Foundation): Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida.
- BCEduventures, Inc. (BCEduventures): Began operations on July 1, 2017, to serve as a supporting organization to the College, a tax-exempt public charity under Title 26, Section 501(c)(3), United States Code. The organization was established to receive, hold, invest, and administer gifts and to make expenditures to, or for the benefit of, the College.

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

The College's component units are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The audited financial statements of each component unit are available to the public and can be obtained from the Vice President of Finance, Broward College, 6400 NW 6th Way, Fort Lauderdale, Florida 33309. 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, 2020. BCEduventures changed its fiscal year end from June 30 to December 31 to better align with certain reporting requirements of Broward College. Accordingly, the financial data reported on

the accompanying financial statements was obtained from BCEduventures' audited financial statements for the period July 1, 2020, through December 31, 2020.

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 the accrual basis of accounting, and follow FASB standards of accounting and financial reporting for not-for-profit organizations.

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, 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. The College calculated its tuition scholarship allowance by determining the amount of "coverage" applied from financial aid and other funds determined to be subject to tuition scholarship allowance as prescribed in NACUBO Advisory Report 2000-05. Under this method, the College determined amounts by identifying those student transactions where the student's classes or bookstore charges were paid by an applicable financial aid source. The College maintains a detailed record of this activity in the Credit and Collection activity file at the financial aid and student level.

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

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, and cash with the State Board of Administration (SBA) Florida PRIME investment pool. For reporting cash flows, the College considers all highly liquid investments with original maturities of 3 months or less, that are not held solely for income or profit, to be cash equivalents. Under this definition, the College considers amounts invested in the SBA Florida PRIME investment 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 Federal depository insurance, 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, 2021, the College reported as cash equivalents at fair value $99,522 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 50 days as of June 30, 2021. 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, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Capital Assets. College capital assets consist of land, construction in progress, software in progress, buildings, other structures and improvements, furniture, machinery, and equipment, leasehold improvements, and 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
- Leasehold Improvements – 20 years
- Other Structures and Improvements – 10 years
- Software – 10 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years
  - Vehicles, Office Machines, and Educational Equipment – 5 years
  - Furniture – 7 years

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, notes payable, unearned lease revenue, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year, as well as unearned lease revenue which will be amortized over 30 years.

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. Adjustment to Beginning Net Position

The beginning net position of the College was increased by $1,820 due to the College's proportionate share of the restatement of July 1, 2019, FRS Pension Liability from $66,707,144 to $66,705,324 as a result of a correction to an interfund receivable.

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.

Fund	Net Position
Current Funds - Unrestricted	$ (25,269,350)
Auxiliary Funds	5,629,149
Total	$ (19,640,201)

4. Investments

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

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

Fair Value Measurement. The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the

valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

All of the College's recurring fair value measurements as of June 30, 2021, are valued using quoted market prices (Level 1 inputs).

The College's investments at June 30, 2021, are reported as follows:

Investments by fair value level	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual Funds	
Equities	$ 10,201,749
Bonds	60,390,208
Total investments by fair value level	$ 70,591,957

Mutual Funds. The College's investments in mutual funds totaled $70,591,957 at June 30, 2021.

The College's Investment Policy Statement provides for a short-term investment pool, an intermediate-term investment pool, and a long-term investment pool. The primary objective of the short-term investment pool (funds needed for expenditures in one year or less) is to provide for preservation of capital and liquidity. The primary objectives for the intermediate-term investment pool are the preservation of capital and maximization of income without undue risk within the specific parameters specified in the investment policy. The primary objectives of the long-term investment pool (funds not expected to be needed as working capital and are not intermediate-term) are to provide for long-term growth of principal and income without undue exposure to risk.

The following risks apply to these investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investments in mutual funds have portfolios with average durations ranging from 0.70 years to 6.06 years.

Credit Risk: Credit risk is the risk that an issue or other counterparty will not fulfill its obligations. The College's investments in mutual funds at June 30, 2021, had portfolios having an average credit quality of between AA and BBB.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover that value of investments of collateral securities that are in possession of an outside party. The College's investment policy provides that securities will be designated as an asset of the College and held in safekeeping by a third-party custodial bank, or other third-party custodial institution. The College's $70,591,957 investments in mutual funds are held by the safekeeping agent in the name of the College.

Component Unit Investments. Investments held by the Foundation at December 31, 2020, are reported at fair value as follows:

Investment Type	Amount
Marketable Securities Equities:	
Foreign	$ 27,551,644
Domestic	22,378,689
Other:	
Alternative Investments	29,069,004
Fixed Income	10,198,024
Money Market Funds	525,249
Total Component Unit Investments	$ 89,722,610

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, unused credit memos, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $1,300,353 allowance for doubtful accounts.

6. Notes Receivable

Notes receivable represent student loans made through a third party under the short-term loan program, financial aid overpayments, and fee deficiencies. Notes receivable are reported net of a $4,054,572 allowance for doubtful notes.

7. Due From Other Governmental Agencies

The amount due from other governmental agencies consists of $7,123,931 due from Federal and State funding sources, primarily $5,227,943 due from other agencies, including $2,679,710 due from the Federal Government for Pell grant and other Federal financial aid programs.

8. Due From and To Component Units/College

The amount due from component units consists of amounts owed to the College by the Foundation for scholarships and student aid and by BCEduventures for its accounts payable and accrued expenses. The College's financial statements are reported for the fiscal year ended June 30, 2021. The Foundation and BCEduventures' financial statements are reported for the calendar year ended December 31, 2020. 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.

9. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 12,551,113	$ -	$ -	$ 12,551,113
Software in Progress	4,745,021	37,800	-	4,782,821
Construction in Progress	12,866,584	11,996,364	9,320,422	15,542,526
Total Nondepreciable Capital Assets	$ 30,162,718	$ 12,034,164	$ 9,320,422	$ 32,876,460
Depreciable Capital Assets:				
Buildings	$ 350,499,796	$ 4,192,490	$ -	$ 354,692,286
Other Structures and Improvements	28,991,593	5,127,932	-	34,119,525
Furniture, Machinery, and Equipment	39,294,584	895,088	339,552	39,850,120
Leasehold Improvements	380,595	-	-	380,595
Software	4,044,366	-	-	4,044,366
Total Depreciable Capital Assets	423,210,934	10,215,510	339,552	433,086,892
Less, Accumulated Depreciation:				
Buildings	152,152,967	7,231,139	-	159,384,106
Other Structures and Improvements	18,123,065	1,969,737	-	20,092,802
Furniture, Machinery, and Equipment	38,181,988	705,494	339,552	38,547,930
Leasehold Improvements	107,836	19,030	-	126,866
Software	2,426,620	404,436	-	2,831,056
Total Accumulated Depreciation	210,992,476	10,329,836	339,552	220,982,760
Total Depreciable Capital Assets, Net	$ 212,218,458	$ (114,326)	$ -	$ 212,104,132

10. Unearned Revenue

Unearned revenue at June 30, 2021, primarily includes student tuition and fees received prior to fiscal year end related to subsequent accounting periods and grant revenues received in advance. As of June 30, 2021, the College reported the following amounts as unearned revenue:

Description	Amount
Grant Revenues	$ 904,487
Student Tuition and Fees	756,306
Total Unearned Revenue	$ 1,660,793

11. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 8,715,000	$ -	$ 915,000	$ 7,800,000	$ 960,000
Notes Payable	4,285,715	-	2,142,857	2,142,858	2,142,858
Unearned Lease Revenue	1,538,889	-	66,667	1,472,222	66,667
Compensated Absences Payable	10,682,642	4,965,786	2,058,061	13,590,367	1,112,029
Other Postemployment Benefits Payable	4,479,682	1,373,921	448,754	5,404,849	259,640
Net Pension Liability	96,479,627	54,890,442	40,503,967	110,866,102	327,318
Total Long-Term Liabilities	$ 126,181,555	$ 61,230,149	$ 46,135,306	$ 141,276,398	$ 4,868,512

Bonds Payable. Bonds were issued to finance capital outlay projects of the College. The following is a description of the outstanding bonded debt issue:

- Capital Improvement Revenue Bonds, Series 2018A. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds were issued to refund the Series 2008A bonds and are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2018A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2018A bonds. The Series 2018A bonds will share the lien of such additional bonds on the Series 2018A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds. The bonds were issued for the construction of a multi-level parking garage at the College's Central Campus.

The College had the following bonds payable at June 30, 2021:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To
Florida Department of Education Capital Improvement Revenue Bonds: Series 2018A	$ 7,800,000	5.0	2028
Total	$ 7,800,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Capital Improvement Revenue Bonds		
	Principal	Interest	Total
2022	$ 960,000	$ 390,000	$ 1,350,000
2023	1,005,000	342,000	1,347,000
2024	1,060,000	291,750	1,351,750
2025	1,110,000	238,750	1,348,750
2026	1,160,000	183,250	1,343,250
2027-2028	2,505,000	189,500	2,694,500
Total	$ 7,800,000	$ 1,635,250	$ 9,435,250

Notes Payable. On March 20, 2015, the College entered into a Credit Facility Debt Agreement for $15 million, at a stated interest rate of 1.91 percent, to finance capital improvement projects on South Campus. The debt matures on December 1, 2021, and principal and interest payments are made annually and semi-annual, respectively. The College's capital improvement fees collected pursuant to Sections 1009.22 and 1009.23, Florida Statutes, are pledged as security for the debt. The bank note includes provisions that in an event of default, the bank will seek to enforce its rights through legal proceedings to require the College to meet its obligations under the note agreement. In addition, the bank note also contains provisions that in an event of default the bank may accelerate payment for all principal and interest due under the note. Annual requirements to amortize the outstanding notes as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 2,142,858	$ 24,872	$ 2,167,730
Total	$ 2,142,858	$ 24,872	$ 2,167,730

Unearned Lease Revenue. The College leased land in Miramar, Florida, to a third party pursuant to a ground lease agreement dated August 9, 2013, with terms extending 30 years. The lease was prepaid in August 2013 by the third party to the College for the sum of $2,000,000, which is being amortized over the life of the agreement. The unearned lease revenue amount held by the College totaled $1,472,222 at June 30, 2021, of which $66,667 was reported as current.

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. 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, 2021, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $13,590,367. The current portion of the compensated absences liability, $1,112,029, 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 College.

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 College. 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 and prescription drug 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 meet the criteria in paragraph 4 of GASB Statement No. 75.

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

Employees Covered by Benefit Terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	33
Inactive Employees Entitled to But Not Yet Receiving Benefits	66
Active Employees	1,268
Total	1,367

Total OPEB Liability

The College's total OPEB liability of $5,404,849 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019 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	5.90 percent, average, including inflation
Discount rate	2.21 percent
Healthcare cost trend rates	
Pre-Medicare	7.0 percent for 2019, decreasing to an ultimate rate of 4.6 percent by 2026
Medicare	5.0 percent for 2019, decreasing to an ultimate rate of 4.6 percent by 2021

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-2018.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30,2018, 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, 2019, valuation were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/20	$ 4,479,682
Changes for the year:	
Service Cost	337,555
Interest	160,817
Differences Between Expected and Actual Experience	370,430
Changes in Assumptions or Other Inputs	505,119
Benefit Payments	(448,754)
Net Changes	925,167
Balance at 6/30/21	$ 5,404,849

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$6,649,665	$5,404,849	$4,451,887

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$4,180,017	$5,404,849	$7,124,583

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

For the fiscal year ended June 30, 2021, the College recognized OPEB expense of $136,108. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 876,859	$ 52,118
Change of assumptions or other inputs	459,857	3,934,622
Transactions subsequent to the measurement date	259,640	-
Total	$ 1,596,356	$ 3,986,740

Of the total amount reported as deferred outflows of resources related to OPEB, $259,640 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ (369,539)
2023	(369,539)
2024	(369,539)
2025	(369,539)
2026	(369,539)
Thereafter	(802,329)
Total	$ (2,650,024)

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, 2021, the College's proportionate share of the net pension liabilities totaled $110,866,102. 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 $19,064,625 for the fiscal year ended June 30, 2021.

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* (SMSC) – 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 60 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:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
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 2020-21 fiscal year were:

Class	Percent of Gross Salary	
	Employee	Employer (1)
FRS, Regular	3.00	10.00
FRS, Senior Management Service	3.00	27.29
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 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 $7,274,579 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a liability of $79,468,807 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.183355111 percent, which was a decrease of 0.010343618 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $16,302,198. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,041,432	$ -
Change of assumptions	14,386,383	-
Net difference between projected and actual earnings on FRS Plan investments	4,731,649	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	979,908	3,033,127
College FRS contributions subsequent to the measurement date	7,274,579	-
Total	$ 30,413,951	$ 3,033,127

The deferred outflows of resources totaling $7,274,579, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 3,847,506
2023	6,629,102
2024	5,767,859
2025	3,359,360
2026	502,418
Total	$ 20,106,245

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 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 2020 valuation was updated from 6.90 percent to 6.80 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 6.80 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 (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
College's proportionate share of the net pension liability	$126,898,330	$79,468,807	$39,855,464

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

Payables to the Pension Plan. At June 30, 2021, the College reported a payable of $1,094,608 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2021.

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. 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, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 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, 2021, the contribution rate was 1.66 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 $1,457,498 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a net pension liability of $31,397,295 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.257147535 percent, which was a decrease of 0.008955832 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $2,762,427. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,284,340	$ 24,221
Change of assumptions	3,376,103	1,825,630
Net difference between projected and actual earnings on HIS Plan investments	25,068	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	1,173,169	1,264,030
College contributions subsequent to the measurement date	1,457,498	-
Total	$ 7,316,178	$ 3,113,881

The deferred outflows of resources totaling $1,457,498, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 902,462
2023	482,241
2024	143,686
2025	380,844
2026	525,844
Thereafter	309,722
Total	$ 2,744,799

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent including inflation
Municipal bond rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

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 2.21 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 used in the 2020 valuation was updated from 3.50 percent to 2.21 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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
College's proportionate share of the net pension liability	$36,293,872	$31,397,295	$27,389,461

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, 2021, the College reported a payable of $55,190 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

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 2020-21 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67

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, 2021, 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 $2,507,820 for the fiscal year ended June 30, 2021.

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 5.14 percent of the participant's salary to the participant's account, 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover the administrative costs, for a total of 8.59 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 $773,701 and employee contributions totaled $270,210 for the 2020-21 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 25.41 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 $80,574 for the 2020-21 fiscal year.

14. Construction Commitments

The College's construction commitments at June 30, 2021, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Central Campus:			
Student Services Building 19 Remodeling	$ 6,600,000	$ 4,711,647	$ 1,888,353
Central Dispensing Systems, Utility Relocation & Master Plan	3,676,043	1,185,397	2,490,646
Central Elevator Upgrades	1,756,500	643,795	1,112,705
Building 8 Renovations	1,850,000	105,190	1,744,810
Pool Demolition & Backflows	666,867	491,391	175,476
Buildings 10, 17, 20, 27 Remodeling	5,905,171	1,333,748	4,571,423
Fleet Services Building Renovation	1,240,000	1,055,119	184,881
Canopies, Lightning System, and Chair Lift	319,140	191,086	128,054
North Campus:			
Building 46 Student Services Remodeling	1,400,000	1,000,491	399,509
Building 46 Turnaround/Drop Off	300,000	116,381	183,619
Storm Water Master Plan	63,000	8,291	54,709
South Campus:			
Demolition of Modular Buildings and Storm Water Management	2,180,016	1,621,589	558,427
Aviation Additions	4,090,095	936,506	3,153,589
Building 68 Second Floor Offices Renovation	150,000	79,289	70,711
Building 68 PCAT Addition	2,080,000	2,061,341	18,659
Second Floor Fire Sprinkler System	210,250	1,265	208,985
Total	$ 32,487,082	$ 15,542,526	$ 16,944,556

15. Operating Lease Commitments

The College leased building space under an operating lease, which expires in 2034. The leased asset and the related commitments are not reported on the College's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from this lease agreement are contingent upon future appropriations. Future minimum lease commitments for this noncancelable operating lease are as follows:

Fiscal Year Ending June 30	Amount
2022	$ 1,478,527
2023	1,532,658
2024	1,588,608
2025	2,126,437
2026	2,200,604
2027-2031	12,203,406
2032-2034	8,380,138
Total Minimum Payments Required	$ 29,510,378

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 $110 million to February 28, 2021, and up to $100 million from March 1, 2021, for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

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

Self-Insured Program. The Board has established an individual self-insured program to provide group health insurance for its employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to $325,000 per insured person for the 2020-21 fiscal year. The plan is provided by an insurance company licensed by the Florida Office of Insurance Regulation. The College contributes employee premiums as a fringe benefit. Employee dependent coverage is by payroll deduction and coverage for retirees, former employees, and their dependents is by prepaid premium.

The College reports a liability when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The liability includes an amount for claims that have been incurred, but not reported, and an amount for claims administration expense. Because the actual claims liability depends on such complex factors as inflation, change in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. The College reevaluates the claims liability periodically and the claims liability totaled $4,160,785 as of June 30, 2021. Amounts held by the College in excess of the estimated insurance claims liability at June 30, 2021, totaled $1,386,586 and are classified as insurance claim deposits. The College will use these amounts to pay claims incurred in future fiscal years.

The following schedule represents the changes in claims liability for the current and prior year for the College's self-insured program:

Fiscal Year	Beginning of Fiscal Year	Claims and Changes in Estimates	Claims Payments	End of Fiscal Year
2019-20	$ 4,581,023	$ 15,858,139	$ 15,941,813	$ 4,497,349
2020-21	4,497,349	16,596,823	16,933,387	4,160,785

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:

Functional Classification	Amount
Instruction	$ 89,275,271
Public Services	372,482
Academic Support	22,973,587
Student Services	28,824,331
Institutional Support	40,502,031
Operation and Maintenance of Plant	22,542,232
Scholarships and Waivers	79,042,347
Depreciation	10,329,836
Auxiliary Enterprises	4,295,183
Total Operating Expenses	$298,157,300

18. Fiscal Agent for the Higher Education Technology Group

Effective July 2, 2002, the College was elected fiscal agent for the Higher Education Technology Group (HETGroup). As fiscal agent, the College is responsible for receiving, disbursing, and administering all moneys due or payable from the HETGroup and for certain personnel functions. For the 2020-21 fiscal year, HETGroup revenues and expenses totaled $1,062,809 and $1,621,099, respectively, on the Statement of Revenues, Expenses, and Changes in Net Position. At June 30, 2021, net assets of HETGroup totaling $701,613 were held in the College's Current Restricted Fund.

19. Related Party Transactions

The Foundation utilized certain facilities and professional services provided by the College. The estimated fair value of donated services and other general administrative costs amounted to $1,042,164 and $100,124, respectively, for the fiscal year ended December 31, 2020, and are included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position of the component unit as both income and expense.

BCEduventures, Inc. recorded $5,200 related to the use of donated facilities for the 6-month period ended December 31, 2020. This amount is reflected in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets of the Component unit as both income and expense.

20. 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		
	Foundation	BCEduventures	Total
Assets:			
Current Assets	$ 4,859,788	$ 1,146,955	$ 6,006,743
Other Noncurrent Assets	89,722,610	-	89,722,610
Total Assets	94,582,398	1,146,955	95,729,353
Liabilities:			
Current Liabilities	2,166,253	210,609	2,376,862
Total Liabilities	2,166,253	210,609	2,376,862
Net Position:			
Restricted Nonexpendable	42,884,085	-	42,884,085
Restricted Expendable	35,191,664	454,897	35,646,561
Unrestricted	14,340,396	481,449	14,821,845
Total Net Position	$ 92,416,145	$ 936,346	$ 93,352,491

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

	Direct-Support Organizations		
	Foundation	BCEduventures	Total
Operating Revenues	$ 4,254,352	$ 186,998	$ 4,441,350
Operating Expenses	(8,370,092)	(288,006)	(8,658,098)
Operating Loss	(4,115,740)	(101,008)	(4,216,748)
Net Nonoperating Revenues:			
Nonoperating Revenues	9,123,780	-	9,123,780
Net Nonoperating Revenues	9,123,780	-	9,123,780
Other Revenues	299,375	-	299,375
Increase (Decrease) in Net Position	5,307,415	(101,008)	5,206,407
Net Position, Beginning of Year	87,108,730	1,037,354	88,146,084
Net Position, End of Year	$ 92,416,145	$ 936,346	$ 93,352,491

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2020 (1)	**2019** (2)	**2018** (2)	**2017** (2)
Total OPEB Liability				
Service cost	$ 337,555	$ 583,192	$ 611,938	$ 685,702
Interest	160,817	301,543	270,273	229,131
Difference between expected and actual experience	370,430	(65,262)	343,892	510,219
Changes of assumptions or other inputs	505,119	(3,827,231)	(495,148)	(906,097)
Benefit Payments	(448,754)	(603,021)	(460,823)	(617,331)
Net change in total OPEB liability	925,167	(3,610,779)	270,132	(98,376)
Total OPEB Liability - beginning	4,479,682	8,090,461	7,820,329	7,918,705
Total OPEB Liability - ending	$ 5,404,849	$ 4,479,682	$ 8,090,461	$ 7,820,329
Covered-Employee Payroll	$ 81,429,290	$ 79,361,097	$ 80,551,706	$ 78,929,032
Total OPEB Liability as a percentage of covered-employee payroll	6.64%	5.64%	10.04%	9.91%

(1) The interest on the service cost is included with the interest on the Total OPEB Liability.
(2) The service cost included interest for the year.

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the FRS net pension liability	0.183355111%	0.193698729%	0.187131207%	0.188443140%
College's proportionate share of the FRS net pension liability	$ 79,468,807	$ 66,705,324	$ 56,364,890	$ 55,740,216
College's covered payroll (2)	$ 99,158,036	$ 99,498,447	$ 95,137,973	$ 94,963,577
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	80.14%	67.04%	59.25%	58.70%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required FRS contribution	$ 7,274,579	$ 6,092,078	$ 6,006,058	$ 5,336,729
FRS contributions in relation to the contractually required contribution	(7,274,579)	(6,092,078)	(6,006,058)	(5,336,729)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 97,371,981	$ 99,158,036	$ 99,498,447	$ 95,137,973
FRS contributions as a percentage of covered payroll	7.47%	6.14%	6.04%	5.61%

(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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.188540696%	0.211733462%	0.202277239%	0.181763688%
$ 47,606,674	$ 27,348,216	$ 12,341,886	$ 31,289,620
$ 92,271,473	$ 94,997,752	$ 86,663,465	$ 81,539,356
51.59%	28.79%	14.25%	38.37%
84.88%	92.00%	96.09%	88.54%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 4,905,639	$ 4,597,866	$ 5,162,242	$ 4,430,730
(4,905,639)	(4,597,866)	(5,162,242)	(4,430,730)
$ -	$ -	$ -	$ -
$ 94,963,577	$ 92,271,473	$ 94,997,752	$ 86,633,465
5.17%	4.98%	5.43%	5.11%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the HIS net pension liability	0.257147535%	0.266103367%	0.255070966%	0.256237917%
College's proportionate share of the HIS net pension liability	$ 31,397,295	$ 29,774,303	$ 26,996,997	$ 27,398,141
College's covered payroll (2)	$ 89,542,727	$ 88,831,855	$ 83,469,166	$ 82,039,790
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.06%	33.52%	32.34%	33.40%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required HIS contribution	$ 1,457,498	$ 1,481,821	$ 1,477,646	$ 1,385,590
HIS contributions in relation to the contractually required HIS contribution	(1,457,498)	(1,481,821)	(1,477,646)	(1,385,590)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 88,209,230	$ 89,542,727	$ 88,831,855	$ 83,469,166
HIS contributions as a percentage of covered payroll	1.65%	1.65%	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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.255605104%	0.268554023%	0.248345447%	0.242062413%
$ 29,789,717	$ 27,388,286	$ 23,220,905	$ 21,074,716
$ 79,338,446	$ 81,255,185	$ 73,259,441	$ 68,797,117
37.55%	33.72%	31.70%	30.63%
0.97%	0.50%	0.99%	1.78%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 1,356,085	$ 1,310,139	$ 1,026,581	$ 850,748
(1,356,085)	(1,310,139)	(1,026,581)	(850,748)
$ -	$ -	$ -	$ -
$ 82,039,790	$ 79,338,446	$ 81,225,185	$ 73,259,441
1.65%	1.65%	1.26%	1.16%

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

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

Changes of Assumptions. The Discount Rate was changed from 3.50 percent at the prior measurement date to 2.21 percent at the current measurement date. As a result, the change in the total OPEB liability is to be recognized in the OPEB expense beginning in the current measurement period, over a closed period equal to 11.16 years.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, and the active member mortality assumption was updated.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
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, the financial statements of the Broward 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, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 9, 2022, 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.

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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
February 9, 2022

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2022-140
March 2022

FLORIDA SOUTHWESTERN STATE COLLEGE

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2020-21 fiscal year, Dr. Jeffery S. Allbritten served as President of Florida SouthWestern State College and the following individuals served as Members of the Board of Trustees:

	County
Danny Nix Jr., Chair	Charlotte
Christian Cunningham, Vice Chair	Collier
David Ciccarello	Lee
Julia du Plooy	Hendry
Bruce Laishley	Charlotte
Jonathan A. Martin J.D.	Lee
Laura Perry	Glades
Marjorie Starnes-Bilotti J.D.	Lee

Note: One Trustee position was vacant for the entire fiscal year.

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 Barbara S. Coleman, CPA, and the audit was supervised by Ramon L. Bover, 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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FLAuditor.gov

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State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

FLORIDA SOUTHWESTERN STATE COLLEGE

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Florida SouthWestern 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 determine whether Florida SouthWestern State College and its officers with administrative and stewardship responsibilities for College operations had:

- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also 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.

AUDITOR GENERAL
STATE OF FLORIDA

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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

Report on the Financial Statements

We have audited the accompanying financial statements of Florida SouthWestern State College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Florida SouthWestern State College Financing Corporation, a blended component unit, which represent 13 percent, 24 percent, 5 percent, and 2 percent, respectively, of the assets, liabilities, net position, and revenues reported for Florida SouthWestern State College. In addition, we did not audit the financial statements of the discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns. The financial statements for the blended and discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors. We conducted our audit in accordance with 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. Those standards require that we

plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida SouthWestern State College and of its discretely presented component unit as of June 30, 2021, 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.

Other Matter

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**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 7, 2022, on our consideration of the Florida SouthWestern 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 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 Florida SouthWestern State College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
March 7, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

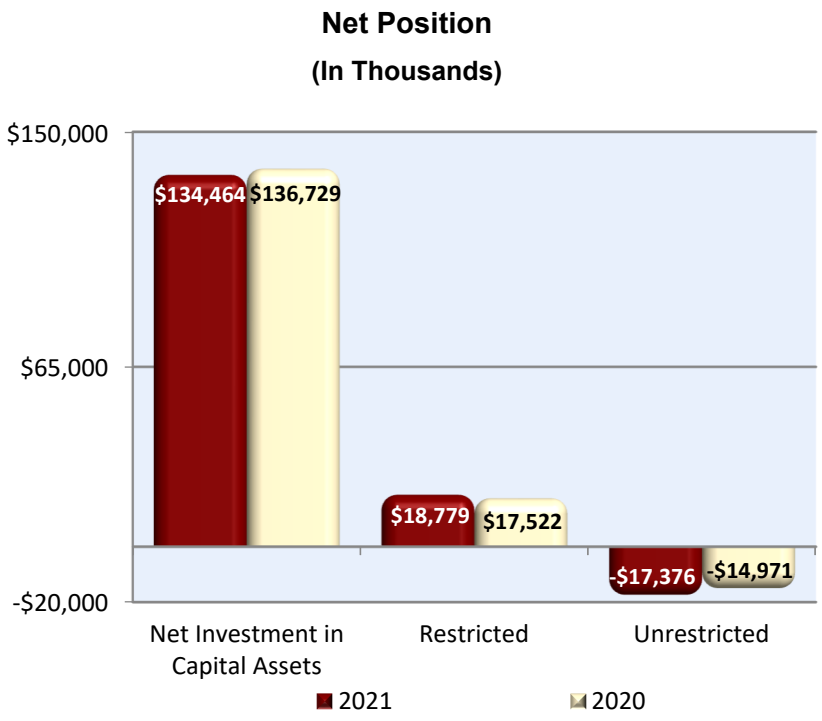
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2021, and June 30, 2020, which includes its blended component unit Florida SouthWestern State College Financing Corporation for the fiscal years ended March 31, 2021, and March 31, 2020.

FINANCIAL HIGHLIGHTS

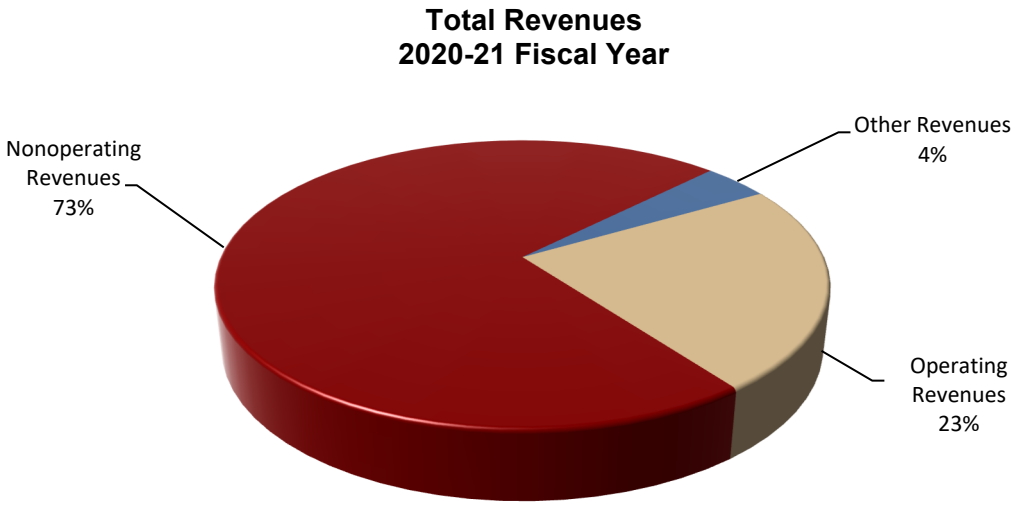
The College's assets and deferred outflows of resources totaled $224.7 million at June 30, 2021. This balance reflects a $0.7 million or 0.3 percent, increase as compared to the 2019-20 fiscal year, resulting from increases in cash and cash equivalents, restricted cash and cash equivalents and deferred outflow of resources related to the Florida Retirement System pension plan and the Health Insurance Subsidy pension plan offset by decreases in depreciable capital assets, net and accounts receivable. Liabilities and deferred inflows of resources increased by $4.1 million, or 4.8 percent, totaling $88.9 million at June 30, 2021, resulting from increases in the net pension liability offset by decreases in bonds payable and deferred inflows related to the pension plan. As a result, the College's net position decreased by $3.4 million, resulting in a year-end balance of $135.9 million.

The College's operating revenues totaled $27 million for the 2020-21 fiscal year, representing a 9.7 percent decrease compared to the 2019-20 fiscal year resulting from decreases in State and local grants and contracts and auxiliary enterprises due to the impacts of COVID-19 during the fiscal year. Operating expenses totaled $120.4 million for the 2020-21 fiscal year, representing an increase of 2.9 percent as compared to the 2019-20 fiscal year resulting from increases in materials and supplies and contractual services also due to the impacts of COVID-19 offset by a decrease in scholarships and waivers.

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, 2021, and June 30, 2020, is shown in the following graph:



The following chart provides a graphical presentation of College revenues by category for the 2020-21 fiscal year:



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the College and its component units. These component units include: Florida SouthWestern State College Foundation, Inc. (Foundation) and Florida SouthWestern State College Financing Corporation (Financing Corporation). Based on the application of the criteria for

determining component units, the Financing Corporation is included within the College reporting entity as a blended component unit, and the Foundation is included within the College reporting entity as discretely presented component unit.

Information regarding these component units, including a summary of the blended component unit's separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the College, excluding the discretely presented component unit. MD&A information for the discretely presented component unit is included in its separately issued audit report.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2021	2020
Assets		
Current Assets	$ 27,594	$ 26,265
Capital Assets, Net	164,573	169,251
Other Noncurrent Assets	17,312	15,038
Total Assets	209,479	210,554
Deferred Outflows of Resources	15,244	13,505
Liabilities		
Current Liabilities	8,108	8,215
Noncurrent Liabilities	79,377	73,439
Total Liabilities	87,485	81,654
Deferred Inflows of Resources	1,371	3,125
Net Position		
Net Investment in Capital Assets	134,464	136,729
Restricted	18,779	17,522
Unrestricted	(17,376)	(14,971)
Total Net Position	$ 135,867	$ 139,280

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 2020-21 and 2019-20 fiscal years:

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

(In Thousands)

	2020-21	2019-20
Operating Revenues	$ 27,027	$ 29,927
Less, Operating Expenses	120,406	117,059
Operating Loss	(93,379)	(87,132)
Net Nonoperating Revenues	85,117	75,842
Loss Before Other Revenues	(8,262)	(11,290)
Other Revenues	4,849	5,279
Net Decrease In Net Position	(3,413)	(6,011)
Net Position, Beginning of Year	139,280	145,291
Net Position, End of Year	$ 135,867	$ 139,280

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 2020-21 and 2019-20 fiscal years:

Operating Revenues
For the Fiscal Years

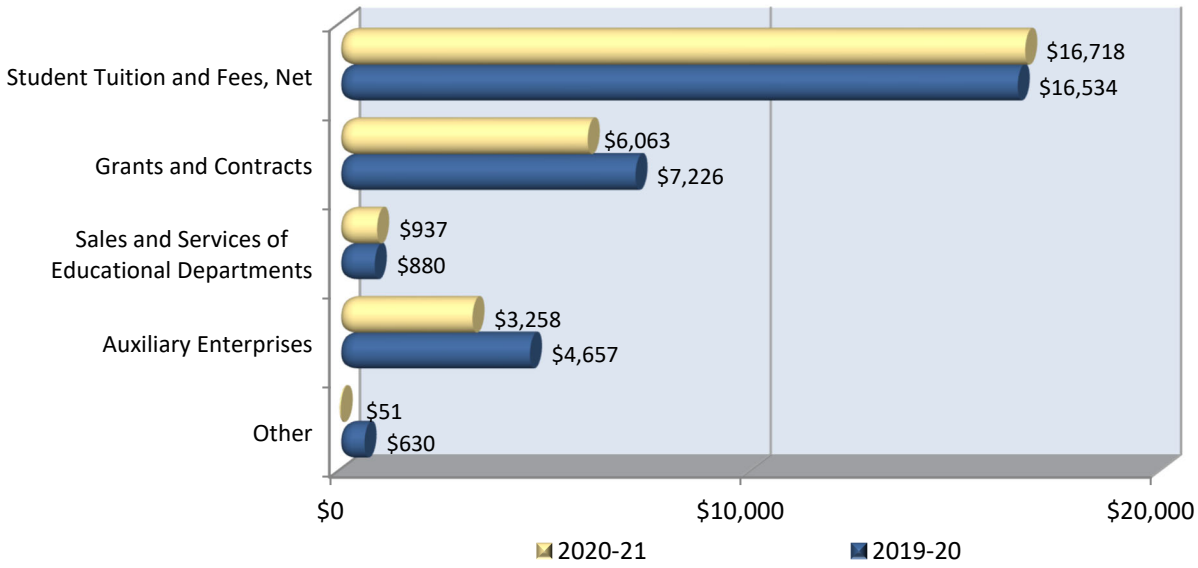
(In Thousands)

	2020-21	2019-20
Student Tuition and Fees, Net	$ 16,718	$ 16,534
Grants and Contracts	6,063	7,226
Sales and Services of Educational Departments	937	880
Auxiliary Enterprises	3,258	4,657
Other	51	630
Total Operating Revenues	$ 27,027	$ 29,927

The following chart presents the College's operating revenues for the 2020-21 and 2019-20 fiscal years:

Operating Revenues

(In Thousands)



College operating revenue decreased 9.7 percent compared to the 2019-20 fiscal year resulting from decreases in grants and contracts and auxiliary enterprises due to the impacts of COVID-19 during the 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 2020-21 and 2019-20 fiscal years:

Operating Expenses
For the Fiscal Years

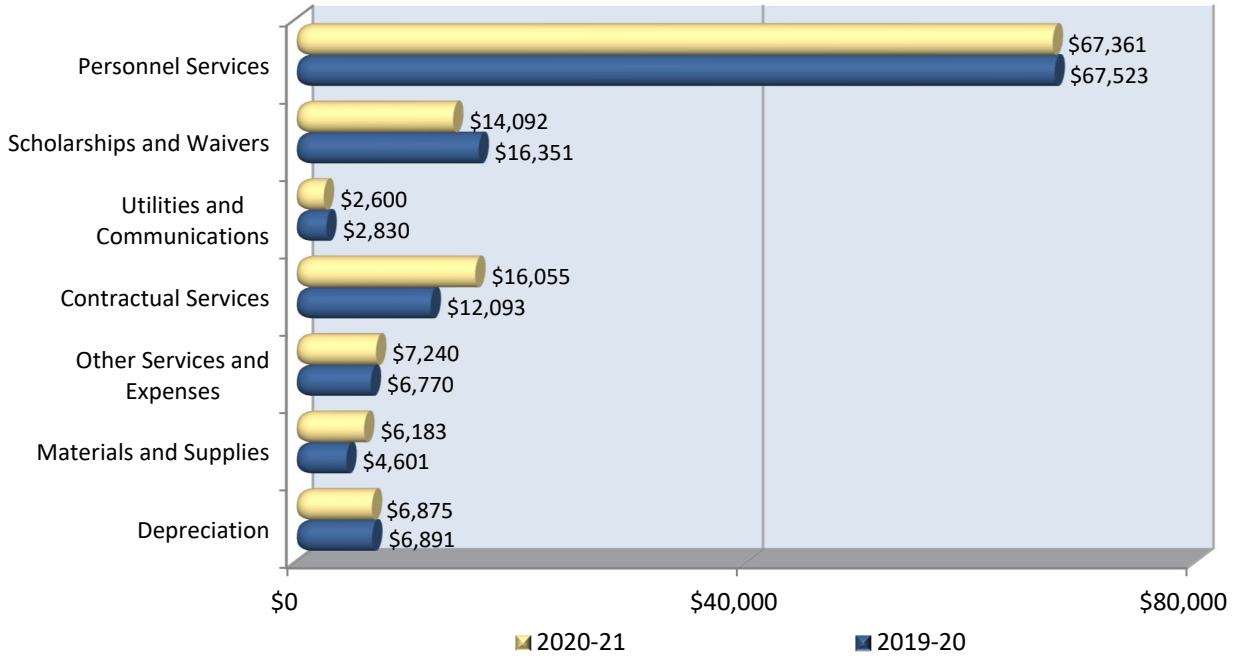
(In Thousands)

	2020-21	2019-20
Personnel Services	$ 67,361	$ 67,523
Scholarships and Waivers	14,092	16,351
Utilities and Communications	2,600	2,830
Contractual Services	16,055	12,093
Other Services and Expenses	7,240	6,770
Materials and Supplies	6,183	4,601
Depreciation	6,875	6,891
Total Operating Expenses	$ 120,406	$117,059

The following chart presents the College's operating expenses for the 2020-21 and 2019-20 fiscal years:

Operating Expenses

(In Thousands)



College operating expenses totaled $120.4 million for the 2020-21 fiscal year, representing an increase of 2.9 percent, or $3.3 million compared to the 2019-20 fiscal year. Significant changes to operating expenses include increases in contractual services of $4 million, and materials and supplies of $1.6 million primarily as the result of additional expenses to facilitate remote operations and supplies due to COVID-19. Decreases represent reduced scholarships and waivers totaling $2.3 million which are also associated with the College response to COVID-19.

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 2020-21 and 2019-20 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Noncapital Appropriations	$ 42,660	$ 39,346
Federal and State Student Financial Aid	35,921	30,209
Gifts and Grants	7,208	6,154
Investment Income	273	424
Net Gain on Investments	82	275
Other Nonoperating Revenues	53	611
Interest on Capital Asset-Related Debt	(1,080)	(1,177)
Net Nonoperating Revenues	$ 85,117	$ 75,842

Nonoperating revenues and expenses for the 2020-21 fiscal year were $85.1 million, an increase of $9.3 million compared to the 2019-20 fiscal year. The significant change was primarily the result of Higher Education Emergency Relief Fund (HEERF) grant funds that were allocated to the College in response to COVID-19, and an increase in State appropriations.

Other Revenues and Expenses

This category is mainly composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues and expenses for the 2020-21 and 2019-20 fiscal years:

Other Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Capital Appropriations	$ 723	$ 814
Capital Grants, Contracts, Gifts, and Fees	4,132	4,465
Other Expenses	(6)	-
Total	$ 4,849	$ 5,279

The other revenues and expenses for the 2020-21 fiscal year were $4.8 million, a decrease of $0.4 million compared to the 2019-20 fiscal year. The significant change was primarily the result of a decrease in capital grants, contracts, gifts and fees.

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 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
Cash Provided (Used) by:		
Operating Activities	$ (80,766)	$(76,132)
Noncapital Financing Activities	85,747	75,481
Capital and Related Financing Activities	(386)	1,836
Investing Activities	482	577
Net Increase in Cash and Cash Equivalents	5,077	1,762
Cash and Cash Equivalents, Beginning of Year	18,813	17,051
Cash and Cash Equivalents, End of Year	$ 23,890	$ 18,813

Major sources of funds came from State noncapital appropriations ($42.7 million), Federal and State student financial aid ($35.8 million), net student tuition and fees ($17.2 million), and Federal Direct Student Loan program receipts ($8.4 million). Major uses of funds were for payments to employees and for employee benefits ($62 million), to providers of goods and services ($31.5 million), and disbursements to students for the Federal Direct Student Loans ($8.4 million).

The overall increase in cash was $5.1 million, or a 27 percent increase from the previous fiscal year.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the College had $284.9 million in capital assets, less accumulated depreciation of $120.3 million, for net capital assets of $164.6 million. Depreciation charges for the current fiscal year totaled $6.9 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2021	2020
Land	$ 4,141	$ 4,141
Artwork	643	573
Construction in Progress	492	93
Buildings	248,155	248,021
Other Structures and Improvements	17,695	17,685
Furniture, Machinery, and Equipment	13,780	12,407
Total Capital Assets	284,906	282,920
Less, Accumulated Depreciation	(120,333)	(113,669)
Capital Assets, Net	$164,573	$169,251

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

Capital Expenses and Commitments

Construction expenses for the current fiscal year were primarily for the remodeling of Building V on the Lee Campus totaling $492,018. The College's construction commitments at June 30, 2021, are as follows:

	Amount
Total Committed	$ 557,273
Completed to Date	(492,018)
Balance Committed	$ 65,255

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

Debt Administration

As of June 30, 2021, the College had $30.1 million in outstanding bonds payable and loan payable representing a decrease of $2.4 million, or 7.4 percent, from the prior fiscal year. During the 2021-22 fiscal year the Florida Department of Education (FDOE) refunded the College's $8.7 million FDOE Capital Improvement Revenue Bond, Series 2010A. Savings from the College's portion of the bonds, $2,646,617, will be recognized in the 2021-22 fiscal year when the bond issue is delivered. 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)

	2021	2020
State Board of Education Capital Outlay Bonds	$ 841	$ 943
Department of Education Capital Improvement Revenue Bonds	8,660	9,445
Refunding Bank Loans	20,214	20,973
Loan Payable	394	1,161
Total	$ 30,109	$ 32,522

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. The College's current financial and capital plans indicate that there are adequate financial resources to maintain its present level of services in the short-term. The College expects to revise its budgets based upon student tuition and state resources available to fund operations in the next fiscal year.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Dr. Gina Doeble, CPA, Vice President of Operations, CFO, Florida SouthWestern State College, 8099 College Parkway, Fort Myers, Florida 33919.

FLORIDA SOUTHWESTERN STATE COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2021

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 6,496,713	$ 1,011,737
Restricted Cash and Cash Equivalents	6,790,790	-
Investments	6,581,947	-
Restricted Investments	1,644,017	-
Accounts Receivable, Net	1,702,774	290,864
Notes Receivable, Net	27,382	-
Due from Other Governmental Agencies	1,717,637	-
Due from Component Unit	801	-
Inventories	4,010	-
Prepaid Expenses	2,628,241	18,817
Total Current Assets	27,594,312	1,321,418
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	10,602,821	-
Investments	4,933,522	4,065,180
Restricted Investments	1,775,739	45,448,741
Depreciable Capital Assets, Net	159,296,561	-
Nondepreciable Capital Assets	5,275,941	-
Other Assets	-	381,289
Total Noncurrent Assets	181,884,584	49,895,210
TOTAL ASSETS	209,478,896	51,216,628
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	185,779	-
Pensions	15,057,792	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,243,571	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,094,716	294,853
Accrued Interest Payable	203,663	-
Salary and Payroll Taxes Payable	2,690,704	-
Retainage Payable	41,058	-
Due to Other Governmental Agencies	47,325	-
Unearned Revenue	226,818	158,500
Deposits Held for Others	406,116	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	1,705,708	-
Loan Payable	393,717	-
Special Termination Benefits Payable	72,959	-
Compensated Absences Payable	45,793	-
Other Postemployment Benefits Payable	42,041	-
Net Pension Liability	136,943	-
Total Current Liabilities	8,107,561	453,353

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	28,009,461	-
Unearned Revenue	-	2,497
Special Termination Benefits Payable	41,883	-
Compensated Absences Payable	5,439,288	-
Other Postemployment Benefits Payable	1,027,431	-
Net Pension Liability	44,858,755	-
Total Noncurrent Liabilities	79,376,818	2,497
TOTAL LIABILITIES	87,484,379	455,850
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	38,997	-
Pensions	1,332,425	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,371,422	-
NET POSITION		
Net Investment in Capital Assets	134,463,617	-
Restricted:		
Nonexpendable:		
Endowment	600,000	19,060,804
Expendable:		
Grants and Loans	5,459,895	-
Scholarships	1,587,818	25,900,101
Capital Projects	11,114,139	-
Debt Service	16,844	-
Unrestricted	(17,375,647)	5,799,873
TOTAL NET POSITION	$ 135,866,666	$ 50,760,778

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

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FLORIDA SOUTHWESTERN 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, 2021

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $18,601,565	$ 16,717,872	$ -
Federal Grants and Contracts	860,178	-
State and Local Grants and Contracts	2,497,247	-
Nongovernmental Grants and Contracts	2,704,947	-
Sales and Services of Educational Departments	937,482	-
Auxiliary Enterprises	3,258,152	-
Other Operating Revenues	50,603	729,175
Total Operating Revenues	27,026,481	729,175
EXPENSES		
Operating Expenses:		
Personnel Services	67,361,255	-
Scholarships and Waivers	14,092,132	2,360,127
Utilities and Communications	2,600,410	-
Contractual Services	16,054,596	262,235
Other Services and Expenses	7,239,430	781,391
Materials and Supplies	6,183,142	-
Depreciation	6,875,437	-
Total Operating Expenses	120,406,402	3,403,753
Operating Loss	(93,379,921)	(2,674,578)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	42,660,606	-
Federal and State Student Financial Aid	35,921,031	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	7,207,894	-
Investment Income	272,666	1,120,148
Net Gain on Investments	81,943	10,726,283
Other Nonoperating Revenues	53,505	-
Loss on Disposal of Capital Asset	-	(52,774)
Interest on Capital Asset-Related Debt	(1,080,265)	-
Net Nonoperating Revenues	85,117,380	11,793,657
Income (Loss) Before Other Revenues	(8,262,541)	9,119,079
State Capital Appropriations	722,959	-
Capital Grants, Contracts, Gifts, and Fees	4,132,181	-
Increases in Permanent Endowments	-	10,950
Other Expenses	(5,916)	-
Total Other Revenues	4,849,224	10,950
Increase(Decrease) in Net Position	(3,413,317)	9,130,029
Net Position, Beginning of Year	139,279,983	41,630,749
Net Position, End of Year	$ 135,866,666	$ 50,760,778

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

FLORIDA SOUTHWESTERN STATE COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2021

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 17,176,959
Grants and Contracts	6,034,746
Payments to Suppliers	(29,131,869)
Payments for Utilities and Communications	(2,385,966)
Payments to Employees	(48,608,189)
Payments for Employee Benefits	(13,424,022)
Payments for Scholarships	(14,092,132)
Collection on Loans to Students	28,051
Auxiliary Enterprises	2,529,101
Sales and Services of Educational Departments	937,482
Other Receipts	169,339
Net Cash Used by Operating Activities	(80,766,500)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	42,660,606
Federal and State Student Financial Aid	35,798,016
Federal Direct Loan Program Receipts	8,384,617
Federal Direct Loan Program Disbursements	(8,384,617)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	7,207,894
Other Nonoperating Receipts	80,572
Net Cash Provided by Noncapital Financing Activities	85,747,088
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	765,115
Capital Grants and Gifts	4,379,530
Purchases of Capital Assets	(2,170,881)
Principal Paid on Capital Debt and Leases	(2,311,045)
Interest Paid on Capital Debt and Leases	(1,048,938)
Net Cash Used by Capital and Related Financing Activities	(386,219)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	4,977,821
Purchases of Investments	(4,770,452)
Investment Income	275,431
Net Cash Provided by Investing Activities	482,800
Net Increase in Cash and Cash Equivalents	5,077,169
Cash and Cash Equivalents, Beginning of Year	18,813,155
Cash and Cash Equivalents, End of Year	$ 23,890,324

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (93,379,921)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	6,875,437
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	984,833
Notes Receivable	28,457
Prepaid Expenses	(148,399)
Due From Other Governmental Agencies	6,136
Due from Component Unit	177,261
Inventories	3,237
Salaries and Payroll Taxes Payable	292,211
Accounts Payable	(209,684)
Unearned Revenue	220,698
Deposits Held for Others	54,131
Special Termination Benefits Payable	(124,650)
Compensated Absences Payable	263,843
Other Postemployment Benefits Payable	74,810
Net Pension Liability	7,607,863
Deferred Outflows of Resources Related to Other Postemployment Benefits	(10,166)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(7,076)
Deferred Outflows of Resources Related to Pensions	(1,728,858)
Deferred Inflows of Resources Related to Pensions	(1,746,663)
NET CASH USED BY OPERATING ACTIVITIES	$ (80,766,500)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES	
Unrealized gains on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 81,943

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 Florida SouthWestern 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 Charlotte, Collier, Glades, Hendry, and Lee 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.

Blended Component Unit. Based on the application of the criteria for determining component units, the Florida SouthWestern State College Financing Corporation (Financing Corporation), a legally separate entity, is included within the College's reporting entity as a blended component unit. The Financing Corporation is a not-for-profit Florida corporation under the provisions of Chapter 617, Florida Statutes, and is also a direct-support organization, as defined in Section 1004.70 Florida Statutes. The Financing Corporation is managed independently, outside the College's budgeting process, and its powers generally are vested in a governing board pursuant to various State Statutes. The Financing Corporation was established to finance and/or operate parking, student housing, and other capital projects for the exclusive benefit of the College and its students. Due to the substantial economic relationship between the Financing Corporation and the College, the financial activities of the Financing Corporation are included in the College's financial statements. The financial data reported on the accompanying financial statements was derived from the Financing Corporation's audited financial statements for the fiscal year ended March 31, 2021.

The Financing Corporation is audited by other auditors, pursuant to Section 1004.70(6), Florida Statutes. The Financing Corporation's audited financial statements are available to the public at the College's administrative offices. Additionally, condensed financial statements for the Financing Corporation are shown in a subsequent note.

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

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained at the College's administrative offices at 8099 College Parkway, Fort Myers, Florida 33919.

The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended March 31, 2021.

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College applied the "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the College computes these amounts by allocating the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

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

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

College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, 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, 2021, the College reported as cash equivalents at fair value $48,217 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 3.). 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 2.6 years and fair value factor of 0.984 at June 30, 2021. 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, 2021, the College reported as cash equivalents $200,604 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 50 days as of June 30, 2021. 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, 2021, 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, and furniture, machinery, and equipment. These assets are capitalized

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

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

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, loan payable, special termination benefits payable, compensated absences payable, other postemployment benefits payable (OPEB), 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. Deficit Net Position in Individual Funds

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

Fund	Net Position
College:	
Current Funds - Unrestricted	$ (29,273,881)
Auxiliary Funds	2,586,180
Total College Net Position	(26,687,701)
Blended Component Unit - Financing Corporation	9,312,054
Total	$ (17,375,647)

3. Investments

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

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

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

The College's recurring fair value measurements as of June 30, 2021, are valued using significant observable inputs (Level 2 inputs):

- Federal Agencies of $2,560,962 and State and Municipal Bonds of $1,214,511 are valued using pricing models maximizing the use of observable inputs for similar securities.
- Corporate Bonds of $1,158,049 are valued using a matrix pricing model.
- For the remainder investments, market prices are derived from closing bid prices as of the last business day of the month as supplied by ICE Data Services or Bloomberg. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated.

The College's investments at June 30, 2021, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State Board of Administration Debt Service Accounts	$ 1,175,739	$ 1,175,739	$ -	$ -
Obligations of United States Government Agencies and Instrumentalities	8,853,345	-	8,853,345	-
Short Term Investments	14,372	14,372	-	-
Corporate Bonds	4,019,146	-	4,019,146	-
Mutual Funds	872,623	-	872,623	-
Total investments by fair value level	$ 14,935,225	$ 1,190,111	$ 13,745,114	$ -

State Board of Administration Debt Service Accounts. The College reported investments totaling $1,175,739 at June 30, 2021, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Other Investments. The College's other investments at June 30, 2021, totaling $13,759,486 consisted of obligations of United States agencies and instrumentalities of $8,853,345, short-term investments of $14,372, and corporate bonds of $4,019,146 reported at fair value. The College also had investments at June 30, 2021, totaling $872,623 that consisted of mutual funds reported at fair value and held as part of its endowments.

The following risks apply to these investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of non-operating funds ("core funds") shall have a term appropriate to the need for funds but should not exceed 3 years. The College utilizes "effective duration" as a measurement of interest rate risk and as of June 30, 2021, the effective duration on investments was 3 years. The College's investments in mutual funds at June 30, 2021, do not have reported maturities.

As a means of managing its exposure to fair-value losses arising from increasing interest rates, the Financing Corporation has established a target duration of its fixed-income portfolio to be between 1.5 and 3 years. As of March 31, 2021, the fair value of the Financing Corporation's investment portfolio was $4,957,212. The portion attributed to fixed income investments totaled $4,933,522 and was available by percentage of its portfolio as follows:

Investment Maturities	Percentage of Portfolio
Less than 1 year	25.40
1-3 years	74.60
Total	100.00

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's investment policy does not address credit risk. The College's investments in Federal agency obligations and collateralized mortgage obligations at June 30, 2021, were rated at least Aaa by Standard & Poor's and Moody's at June 30, 2021. The College's investments in mutual funds at June 30, 2021 were unrated.

It is the Financing Corporation's policy that the fixed income portfolio must be rated at A or higher for corporate bond investments and AA or higher for all other investments by any of the three rating services. At March 31, 2021, the Financing Corporation's fixed income investments were rated as follows:

Rating	Percentage of Portfolio
AAA	61.77
AA	26.47
A	11.76
Total	100.00

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The College's investment policy pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the College should be properly designated as an asset of the College.

The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and is doing business in the State of Florida. Certificates of deposit will be placed in the provider's safekeeping department for the term of the deposit.

As of June 30, 2021, the College's Federal agency obligations were held with a third-party custodian as required by the College's investment policy.

The Financing Corporation utilizes the services of investment managers, FineMark National Bank and Trust, for its investments. The investments held by the investment manager are uninsured and

unregistered, with securities held by the counterparty's trust department or agent in the Financing Corporation's name.

The Money Market Mutual Fund account, in the amount of $23,690, is not insured through either the Federal Deposit Insurance Corporation (FDIC) or Chapter 280, Florida Statutes. Investments in these money market mutual funds are not categorized as to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of the College's investments in a single issuer. The College's investment policy has established asset allocation and issuer limits on the following investments which are designed to reduce concentration of credit risk of the College's investment portfolio. A maximum of 100 percent of available funds may be invested in intergovernmental pools, money market mutual funds, United States government securities; and in United States government agencies; 75 percent of available funds may be invested in Federal agencies and instrumentalities; 50 percent of available funds may be invested in corporate bonds, non-negotiable certificates of deposit and savings accounts, and commercial paper; 40 percent of available funds may be invested in repurchase agreements; 25 percent of available funds may be invested in supranational, municipal bonds, agency mortgage-backed securities, asset-backed securities, and Florida local government surplus funds trust funds (Florida PRIME); and 20 percent of available funds may be invested in fixed-income mutual funds.

The Financing Corporation policy limits investments to United States Treasuries, government agency debt including mortgage-backed securities, taxable municipal bonds, and corporate bonds. The maximum exposure to A and AA rated bonds is 25 percent and 25 percent, respectively, of the portfolio's fair value. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not have purchase limitations. Management of the Financing Corporation believes the concentration of credit risk with respect to its investments is mitigated by investing through the use of a national investment manager in U.S. Treasuries, government agencies, highly rated corporate bonds, municipal bonds, and widely traded mutual funds.

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

The investments held by the Foundation at March 31, 2021, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:				
Hedge	$ 1,682,567	$ -	$ 1,682,567	$ -
Equities	43,838,977	43,838,977	-	-
Bonds	3,992,377	3,992,377	-	-
Total Component Unit Investments	$ 49,513,921	$ 47,831,354	$ 1,682,567	$ -

Investments Held in Trust: As of March 31, 2021, the Foundation's investments held in trust of $2,497 are offset by a liability (unearned revenue) until such time as the restrictive conditions are met.

The following risks apply to the Foundation investments:

Interest Rate Risk: As a means of managing its exposure to fair-value losses arising from increasing interest rates, the Foundation has established a target for the duration of its fixed-income portfolio to be between 3 and 7 years.

As of March 31, 2021, the maturities of the Foundation's fixed income investments of $21,173,393 by percentage of its portfolio, are presented in the following table:

Investment Maturities	Percentage of Portfolio
0 - 3 years	9.70
3 - 5 years	11.80
5 - 10 years	33.70
More than 10 years	44.80
Total	100.00

Investments held by the Foundation are part of large mutual funds and are not individual securities held by the Foundation. Therefore, it is not possible to disclose maturities by actual security held.

Credit Risk: The investments held by the Foundation are part of large mutual funds and therefore it is not possible to isolate credit risk by actual security held, but rather by mutual fund total.

It is the Foundation's policy that the investment grade portion of the fixed-income portfolio must be rated "BBB" or better, or a comparable rating by Moody's or Standard & Poor's rating services, respectively. The high-yield portion of the fixed-income portfolio will consist of below investment grade securities. There is no bottom limit on the ratings of the high-yield portfolio.

The Foundation's fixed-income investments at March 31, 2021 were rated as follows:

Rating	Percentage of Portfolio
Aaa	45.50
Aa	4.70
A	11.10
BBB	17.60
Below Grade	21.10
Total	100.00

Custodial Credit Risk: The Foundation utilizes the services of investment managers. The investments held by these managers are uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the Foundation's name. There were no losses during the period due to default by counterparties to investment transactions.

Concentration of Credit Risk: The Foundation's policies state that the non-United States investment grade portion of the fixed-income portfolio must consist of securities of non-United States issuers located in at least three non-United States countries. The Foundation's policies do not specifically limit the debt of securities maturity dates.

The investments held in trust include various types of investments that are not insured. These investments are subject to market and economic factors that may result in loss of Foundation principal.

4. 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, unused credit memos, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $568,653 allowance for doubtful accounts.

5. Notes Receivable

Notes receivable represent student loans of $32,237 made under the short-term loan program. Notes receivable are reported net of a $4,855 allowance for doubtful notes.

6. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of $636,214 of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding due from the Federal government.

7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 4,140,830	$ -	$ -	$ 4,140,830
Artwork	573,093	70,000	-	643,093
Construction in Progress	93,393	542,914	144,289	492,018
Total Nondepreciable Capital Assets	$ 4,807,316	$ 612,914	$ 144,289	$ 5,275,941
Depreciable Capital Assets:				
Buildings	$ 248,020,886	$ 134,309	$ -	$ 248,155,195
Other Structures and Improvements	17,685,230	9,980	-	17,695,210
Furniture, Machinery, and Equipment	12,406,404	1,590,385	216,700	13,780,089
Total Depreciable Capital Assets	278,112,520	1,734,674	216,700	279,630,494
Less, Accumulated Depreciation:				
Buildings	89,753,787	5,404,441	-	95,158,228
Other Structures and Improvements	14,274,727	531,680	-	14,806,407
Furniture, Machinery, and Equipment	9,640,766	939,316	210,784	10,369,298
Total Accumulated Depreciation	113,669,280	6,875,437	210,784	120,333,933
Total Depreciable Capital Assets, Net	$ 164,443,240	$ (5,140,763)	$ 5,916	$ 159,296,561

8. Unearned Revenue

Unearned revenue at June 30, 2021, primarily consists of student dorm fees of $223,929 paid to the Financing Corporation that was not received prior to fiscal year end related to subsequent accounting periods.

9. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 31,360,998	$ -	$ 1,645,829	$ 29,715,169	$ 1,705,708
Loan Payable	1,160,933	-	767,216	393,717	393,717
Special Termination Benefits Payable	239,492	37,394	162,044	114,842	72,959
Compensated Absences Payable	5,221,237	1,498,033	1,234,189	5,485,081	45,793
Other Postemployment Benefits Payable	994,662	368,229	293,419	1,069,472	42,041
Net Pension Liability	37,387,835	22,603,458	14,995,595	44,995,698	136,943
Total Long-Term Liabilities	$ 76,365,157	$ 24,507,114	$ 19,098,292	$ 81,773,979	$ 2,397,161

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

- SBE Capital Outlay Bonds. The SBE issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The SBE and the SBA administer

the principal and interest payments, investment of debt service resources, and compliance with reserve requirements.

- Capital Improvement Revenue Bonds, Series 2010A. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2010A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2010A bonds. The Series 2010A bonds constitute the first series of bonds to be issued pursuant to a Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2010A bonds will share the lien of such additional bonds on the Series 2010A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds. The bonds were issued for new construction and renovation and remodeling of educational facilities.

The College had the following bonds payable at June 30, 2021:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
SBE Capital Outlay Bonds:			
Series 2014A, Refunding	$ 116,000	3.0 - 5.0	2025
Series 2017A, Refunding	725,000	3.0 - 5.0	2028
Florida Department of Education Capital Improvement Revenue Bonds:			
Series 2010A	8,660,000	4.0 - 4.375	2031
Total	$ 9,501,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	SBE Capital Outlay Bonds and Capital Improvement Revenue Bonds		
	Principal	Interest	Total
2022	$ 924,000	$ 396,160	$ 1,320,160
2023	968,000	358,110	1,326,110
2024	1,013,000	318,210	1,331,210
2025	1,046,000	276,410	1,322,410
2026	1,066,000	233,770	1,299,770
2027-2031	4,484,000	477,334	4,961,334
Total	$ 9,501,000	$ 2,059,994	$ 11,560,994

Bonds Payable – Financing Corporation. On December 21, 2017, the Financing Corporation issued the Series 2017A, Series 2017B and Series 2017C Refunding Bank Loans in the par amounts of $10,000,000, $10,000,000 and $2,879,067, respectively. The notes were issued for the purpose of refunding the outstanding 2010 Industrial Development Revenue Bond. The final maturity of the refunding notes is October 1, 2040, with interest rates of 3 percent, 2.96 percent, and 3 percent respectively. The refunding notes are subject to mandatory redemption at the option of the holder on or

after December 21, 2027, upon written notice provided during the period of commencing 90 days prior to the call date and ending 90 days following the call date. The notes are subject to mandatory redemption 180 days from the receipt of the notice from the holder.

The following is a schedule for future debt service requirements:

Fiscal Year Ending March 31	LCDA Industrial Development Revenue Bonds		
	Principal	Interest	Total
2022	$ 781,708	$ 597,149	$ 1,378,857
2023	805,259	573,661	1,378,920
2024	829,504	549,466	1,378,970
2025	854,495	524,543	1,379,038
2026	880,253	498,868	1,379,121
2027-2031	4,815,333	2,081,315	6,896,648
2032-2036	5,585,572	1,312,983	6,898,555
2037-2041	5,662,045	431,772	6,093,817
Total	$ 20,214,169	$ 6,569,757	$ 26,783,926

Tenant revenues collected are pledged first to be used for debt service. The total amount of rental revenues recorded during the current fiscal year was $1,820,585.

Under the terms of the refunding notes, the Financing Corporation was required to fund the “debt service reserve fund”. This was funded from the existing debt service reserve that had been established for the refunded bonds and $1,416,792 is reported in restricted cash and cash equivalents.

Loan Payable. On September 29, 2016, the College entered into a short-term loan as authorized under Section 1001.64(38), Florida Statutes, with The Suncoast Credit Union. The loan is for the purpose of providing a non-revolving line of credit of $3,100,000, at a variable interest rate of Prime minus 0.25 percent with a minimum rate of 3.25 percent in order to provide the necessary funds for the construction and completion of the new on-campus 75,000 square foot, 3,300 seat sports arena and convocation facility to be known as the “Suncoast Arena” at the Lee campus. The loan agreement contains a provision, that in the event of default, outstanding amounts become immediately due if the College is unable to make payments.

Interest Rate: The rate of interest shall be equal to the Wall Street Journal Prime Rate minus 0.25 percent, to be adjusted on the 15th day of each quarter; provided, however, that the interest rate shall never be less than the initial interest rate at closing. All interest charged on the loan shall be based on a 365 or 366, as applicable, day year for the actual number of days elapsed.

Equal quarterly payments on the 15th day of each quarter of principal and interest based on the outstanding principal balance, bearing interest at the interest rate, with the payment calculated on a quarterly amortization schedule over 51 months; provided, however, that upon any adjustment in the interest rate as the result of any quarterly change in the Wall Street Journal Prime Rate, the quarterly payment may be adjusted by the lender to reflect the new interest rate and the remaining term of the original amortization schedule. The entire outstanding principal balance and all accrued interest shall be due in full at the end of the 51 months, September 28, 2021. The loan may be prepaid in whole or in part

at any time without penalty or premium. Annual requirements to amortize the outstanding loan as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 393,717	$ 1,810	$ 395,527

Special Termination Benefits Payable. The College reported a special termination benefits payable of $114,842 as of June 30, 2021, for 6 employees who gave notice to retire under the Retirement Incentive Program, of which $72,959 represents the current portion.

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. 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, 2021, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $5,485,081. The current portion of the compensated absences liability, $45,793, is the amount expected to be paid in the coming fiscal year and eligible payments for unused sick leave on behalf of regular retirees and Deferred Retirement Optional Plan Program participants to a deferred compensation annuity program.

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

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	40
Inactive Employees Entitled to But Not Yet Receiving Benefits	12
Active Employees	621
Total	673

Total OPEB Liability

The College's total OPEB liability of $1,069,472 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
Real Wage Growth	0.85 percent
Wage Inflation	3.25 percent
Salary Increases, including wage inflation	
Regular Employees	3.40-7.80 percent
Senior Management	4.10-8.20 percent
Special Risk	4.80-7.40 percent
Discount rate	
Prior Measurement Date	3.50 percent
Measurement Date	2.21 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2026
Medicare	5.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2021

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-2018.

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period January 1, 2013, through June 30, 2018, 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, 2019, valuation were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/20	$ 994,662
Changes for the year:	
Service Cost	51,651
Interest	35,983
Changes in Assumptions or Other Inputs	23,944
Benefit Payments	(36,768)
Net Changes	74,810
Balance at 6/30/21	$ 1,069,472

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020 due to a change in the Municipal Bond Rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$1,209,280	$1,069,472	$954,323

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$925,676	$1,069,472	$1,256,311

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

For the fiscal year ended June 30, 2021, the College recognized OPEB expense of $99,609. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	$ 54,415	$ -
Change of assumptions or other inputs	89,323	38,997
Transactions subsequent to the measurement date	42,041	-
Total	$ 185,779	$ 38,997

Of the total amount reported as deferred outflows of resources related to OPEB, $42,041 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 11,975
2023	11,975
2024	11,975
2025	11,975
2026	11,975
Thereafter	44,866
Total	$ 104,741

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, 2021, the College's proportionate share of the net pension liabilities totaled $44,995,698. Note 10. includes a complete discussion of defined benefit pension plans.

10. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 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 $8,006,545 for the fiscal year ended June 30, 2021.

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* (SMSC) – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 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 60 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:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
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
Special Risk Class	3.00

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 2020-21 fiscal year were:

Class	Percent of Gross Salary	
	Employee	Employer (1)
FRS, Regular	3.00	10.00
FRS, Senior Management Service	3.00	27.29
FRS, Special Risk	3.00	24.45
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The College's contributions to the Plan totaled $2,937,090 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a liability of $31,859,754 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.073508700 percent, which was an increase of 0.000115889 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $6,828,040. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,219,338	$ -
Change of assumptions	5,767,629	-
Net difference between projected and actual earnings on FRS Plan investments	1,896,960	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	295,208	237,723
College FRS contributions subsequent to the measurement date	2,937,090	-
Total	$ 12,116,225	$ 237,723

The deferred outflows of resources totaling $2,937,090, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 1,840,877
2023	2,857,532
2024	2,430,367
2025	1,467,830
2026	344,806
Total	$ 8,941,412

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 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 2020 valuation was updated from 6.90 percent to 6.80 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 6.80 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 (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
College's proportionate share of the net pension liability	$50,874,673	$31,859,754	$15,978,411

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

Payables to the Pension Plan. At June 30, 2021, the College reported a payable of $263,578 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2021.

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. 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, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 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, 2021, the contribution rate was 1.66 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 $601,566 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a net pension liability of $13,135,944 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.107584927 percent, which was a decrease of 0.000667585 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $1,178,505. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 537,340	$ 10,134
Change in assumptions	1,412,489	763,804
Net differences between projected and actual earnings on HIS Plan investments	10,488	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	379,684	320,764
College contributions subsequent to the measurement date	601,566	-
Total	$ 2,941,567	$ 1,094,702

The deferred outflows of resources totaling $601,566, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 408,460
2023	263,333
2024	52,476
2025	120,750
2026	222,361
Thereafter	177,919
Total	$ 1,245,299

Actuarial Assumptions. The total pension liability at July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

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 2.21 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 used in the 2020 valuation was updated from 3.50 percent to 2.21 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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
College's proportionate share of the net pension liability	$15,184,989	$13,135,944	$11,459,474

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, 2021, the College reported a payable of $47, for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

11. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the College.

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

The College's Investment Plan pension expense totaled $1,235,790 for the fiscal year ended June 30, 2021.

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, 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan, for a total of 8.59 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 $213,679 and employee contributions totaled $124,473 for the 2020-21 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 14 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 $297,309 for the 2020-21 fiscal year.

12. Other Termination Benefits

The College provides an Internal Revenue Service (IRS) approved Code Section 401(a) pre-tax program for termination pay that permits the College to disburse termination pay in a tax-advantage manner for both the College and the employee. Contributions are limited by IRS regulation. All employees in designated classes whose combined vacation and/or sick leave pay out is in excess of $5,000 are mandated to participate in this program.

The College deferred $587,452 in salaries for 34 employees during the 2020-21 fiscal year for other termination benefits.

13. Savings Incentive Plan

Effective January 1, 1994, the Board approved a Savings Incentive Plan as provided by Section 403(b) of the Internal Revenue Service guidelines. The College may make a matching employer contribution in an amount to be determined annually by the Board at its discretion. During the 2020-21 fiscal year, the College matched one dollar for every dollar deferred by the employee up to the first 3 percent of employee compensation. Each employee is fully vested upon enrollment in the plan, and is allowed to direct the investment of his or her account to any one of the various groups and insurance companies approved for investment by the College. During the 2020-21 fiscal year, the College contributed $428,468 as matching funds under the plan.

14. Construction Commitment

The College's construction commitment at June 30, 2021, was as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Lee Campus - Building V Remodel	$ 557,273	$ 492,018	$ 65,255

15. 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 $110 million to February 28, 2021, and up to $100 million from March 1, 2021, for property insurance. Insurance coverage obtained through the Consortium included health and hospitalization, dental, life, fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

16. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 36,089,570
Public Services	150
Academic Support	9,985,188
Student Services	21,398,814
Institutional Support	17,843,658
Operation and Maintenance of Plant	12,440,508
Scholarships and Waivers	14,092,132
Depreciation	6,875,437
Auxiliary Enterprises	1,680,945
Total Operating Expenses	$ 120,406,402

17. Blended Component Unit

The College has one blended component unit as discussed in Note 1. The following financial information is presented net of eliminations for the College's blended component unit:

Condensed Statement of Net Position

	Florida SouthWestern State College Financing Corporation	College	Eliminations	Total Primary Government
Assets:				
Other Current Assets	$ 4,068,006	$ 23,526,306	$ -	$ 27,594,312
Capital Assets, Net	17,440,305	147,132,197	-	164,572,502
Other Noncurrent Assets	6,695,058	10,617,024	-	17,312,082
Total Assets	28,203,369	181,275,527	-	209,478,896
Deferred Outflows of Resources	-	15,243,571	-	15,243,571
Liabilities:				
Other Current Liabilities	1,304,022	6,803,539	-	8,107,561
Noncurrent Liabilities	19,432,461	59,944,357	-	79,376,818
Total Liabilities	20,736,483	66,747,896	-	87,484,379
Deferred Inflows of Resources	-	1,371,422	-	1,371,422
Net Position:				
Net Investment in Capital Assets	413,368	134,050,249	-	134,463,617
Restricted - Nonexpendable	-	600,000	-	600,000
Restricted - Expendable	-	18,178,696	-	18,178,696
Unrestricted	7,053,518	(24,429,165)	-	(17,375,647)
Total Net Position	$ 7,466,886	$ 128,399,780	$ -	$ 135,866,666

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

	Florida SouthWestern State College Financing Corporation	College	Eliminations	Total Primary Government
Operating Revenues	$ 1,820,585	$ 25,205,896	$ -	$ 27,026,481
Depreciation Expense	(625,706)	(6,249,731)	-	(6,875,437)
Other Operating Expenses	(1,392,617)	(112,138,348)	-	(113,530,965)
Operating Loss	(197,738)	(93,182,183)	-	(93,379,921)
Nonoperating Revenues (Expenses):				
Nonoperating Revenue	718,651	85,478,994	-	86,197,645
Interest Expense	(622,769)	(457,496)	-	(1,080,265)
Net Nonoperating Revenues	95,882	85,021,498	-	85,117,380
Other Revenues and Expenses	-	4,849,224	-	4,849,224
Decrease in Net Position	(101,856)	(3,311,461)	-	(3,413,317)
Net Position, Beginning of Year	7,568,742	131,711,241	-	139,279,983
Net Position, End of Year	$ 7,466,886	$ 128,399,780	$ -	$ 135,866,666

Condensed Statement of Cash Flows

	Florida SouthWestern State College Financing Corporation	College	Eliminations	Total Primary Government
Net Cash Provided (Used) by:				
Operating Activities	$ 542,916	$ (81,309,416)	$ -	$ (80,766,500)
Noncapital Financing Activities	631,156	85,115,932	-	85,747,088
Capital and Related Financing Activities	(1,389,142)	1,002,923	-	(386,219)
Investing Activities	(73,552)	556,352	-	482,800
Net Increase (Decrease) in Cash and Cash Equivalents	(288,622)	5,365,791	-	5,077,169
Cash and Cash Equivalents, Beginning of Year	5,928,264	12,884,891	-	18,813,155
Cash and Cash Equivalents, End of Year	$ 5,639,642	$ 18,250,682	$ -	$ 23,890,324

18. Related Party Transactions

College and Blended Component Unit. Nonoperating revenues totaling $631,156 were received from the College during the year ended March 31, 2021, and consisted of funds assigned to the Financing Corporation from College auxiliary operations, from two contracts for Educational Broadband Services (EBS) excess capacity use and royalties and from two charter school building leases. The assigned funds totaled $358,656 from EBS royalties and $272,500 from the charter school leases.

Financing Corporation personnel are employed by the College. The Financing Corporation paid the College $106,000 to reimburse the College for the estimated salaries and related payroll taxes and

benefits of its staff assigned to the Financing Corporation. Additionally, the Financing Corporation paid the College $278,000 to reimburse the College for contract personnel services related to the operation of LightHouse Commons.

The Financing Corporation paid the College $10,278 to reimburse the College for other expenses related to the operation of LightHouse Commons.

College and Discretely Presented Component Unit. Foundation personnel are employed by the College. The Foundation reimburses the College for the actual cost of these respective employees' salaries and the related payroll taxes and benefits. During the year ended March 31, 2021, the College billed the Foundation $485,961 including payables of $285,057. The Foundation also paid the College $2,395,575 for scholarships during the year ended March 31, 2021.

The Foundation's office space, phone, internet, furniture, and utilities are provided by the College. The fair value of the office space of $35,341 has been recorded as (in-kind) donated facilities income and rent expense. No amounts have been recorded for the other occupancy costs, as no objective basis to do so has been determined.

19. Subsequent Events

On July 22, 2021, the Florida Department of Education (FDOE) refunded the College's $8.7 million FDOE Capital Improvement Revenue bond, Series 2010A. The refunding will result in a savings of $2.7 million that will be recognized in the 2021-22 fiscal year.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	$ 51,651	$ 48,407	$ 49,114	$ 51,739
Interest	35,983	30,383	28,197	24,843
Difference between expected and actual experience	-	69,363	-	-
Changes of assumptions or other inputs	23,944	86,250	(22,739)	(42,080)
Benefit Payments	(36,768)	(49,219)	(73,665)	(62,085)
Net change in total OPEB liability	74,810	185,184	(19,093)	(27,583)
Total OPEB Liability - beginning	994,662	809,478	828,571	856,154
Total OPEB Liability - ending	$ 1,069,472	$ 994,662	$ 809,478	$ 828,571
Covered-Employee Payroll	$ 33,614,422	$ 33,614,422	$ 33,095,233	$ 33,095,233
Total OPEB Liability as a percentage of covered-employee payroll	3.18%	2.96%	2.45%	2.50%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the FRS net pension liability	0.073508700%	0.073392811%	0.072370301%	0.074003300%
College's proportionate share of the FRS net pension liability	$ 31,859,754	$ 25,275,462	$ 21,798,310	$ 21,889,680
College's covered payroll (2)	$ 42,711,883	$ 41,127,091	$ 39,280,944	$ 39,506,069
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	74.59%	61.46%	55.49%	55.41%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required FRS contribution	$ 2,937,090	$ 2,106,683	$ 2,275,707	$ 2,062,495
FRS contributions in relation to the contractually required contribution	(2,937,090)	(2,106,683)	(2,275,707)	(2,062,495)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 42,290,407	$ 42,711,883	$ 41,127,091	$ 39,280,944
FRS contributions as a percentage of covered payroll	6.95%	4.93%	5.53%	5.25%

(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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.072446979%	0.075076834%	0.069878863%	0.065525694%
$ 18,292,919	$ 9,697,180	$ 4,263,638	$ 11,279,888
$ 38,039,195	$ 36,761,312	$ 34,166,397	$ 33,051,575
48.09%	26.38%	12.48%	34.13%
84.88%	92.00%	96.09%	88.54%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 1,926,488	$ 1,103,705	$ 1,830,437	$ 1,530,644
(1,926,488)	(1,103,705)	(1,830,437)	(1,530,644)
$ -	$ -	$ -	$ -
$ 39,506,069	$ 38,039,195	$ 36,761,312	$ 34,166,397
4.88%	2.90%	4.98%	4.48%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the HIS net pension liability	0.107584927%	0.108252512%	0.105880572%	0.110269798%
College's proportionate share of the HIS net pension liability	$ 13,135,944	$ 12,112,373	$ 11,206,519	$ 11,790,556
College's covered payroll (2)	$ 37,345,556	$ 36,211,807	$ 34,604,354	$ 39,506,069
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.17%	33.45%	32.38%	29.84%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required HIS contribution	$ 601,566	$ 620,100	$ 601,116	$ 574,193
HIS contributions in relation to the contractually required HIS contribution	(601,566)	(620,100)	(601,116)	(574,193)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 36,244,090	$ 37,345,556	$ 36,211,807	$ 34,604,354
HIS contributions as a percentage of covered payroll	1.66%	1.66%	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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.108921509%	0.107019063%	0.101425459%	0.099636556%
$ 12,694,351	$ 10,914,261	$ 9,483,528	$ 8,674,672
$ 38,039,195	$ 36,761,312	$ 34,166,398	$ 33,051,575
33.37%	29.69%	27.76%	26.25%
0.97%	0.50%	0.99%	1.78%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 583,580	$ 558,292	$ 409,093	$ 347,450
(583,580)	(558,292)	(409,093)	(347,450)
$ -	$ -	$ -	$ -
$ 39,506,069	$ 38,039,195	$ 36,761,312	$ 34,166,397
1.48%	1.47%	1.11%	1.02%

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

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

Changes of Assumptions. The Municipal Bond Index Rate used to determine the total OPEB liability decreased from 3.50 percent to 2.21 percent.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, and the active member mortality assumption was updated.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
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, the financial statements of the Florida SouthWestern State College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, 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 7, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the blended and 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.

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 may exist that have not been identified.

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 7, 2022

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2022-136
March 2022

GULF COAST STATE COLLEGE

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2020-21 fiscal year, Dr. John R. Holdnak served as President of Gulf Coast State College and the following individuals served as Members of the Board of Trustees:

	County
Thomas L. Lewis, Chair from 1-13-21, Vice Chair through 1-12-21	Bay
David P. Warriner, Vice Chair from 1-13-21	Gulf
James W. McKnight through 1-12-21, Chair	Gulf
Boyd K. Bulger from 1-13-21	Gulf
Donald R. Crisp	Bay
Frank A. Hall from 1-13-21 [a]	Bay
Elizabeth M. Kirvin through 1-12-21	Franklin
Steve D. Millaway	Bay
Charles David Powell from 1-13-21	Bay
Ralph C. Roberson through 1-12-21	Gulf
Floyd D. Skinner from 1-13-21	Bay
Joe K. Tannehill Jr.	Bay

[a] Trustee position vacant through 1-12-21.

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 audit was supervised by Shelly G. Curti, 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.

This report and other reports prepared by the Auditor General are available at:

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State of Florida Auditor General

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GULF COAST STATE COLLEGE

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Gulf Coast 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 determine whether Gulf Coast State College and its officers with administrative and stewardship responsibilities for College operations had:

- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also 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.

AUDITOR GENERAL
STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Gulf Coast State College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Gulf Coast State College and of its discretely presented component unit as of June 30, 2021, 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.

Other Matter

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**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 2, 2022, on our consideration of the Gulf Coast 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 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 Gulf Coast State College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
March 2, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

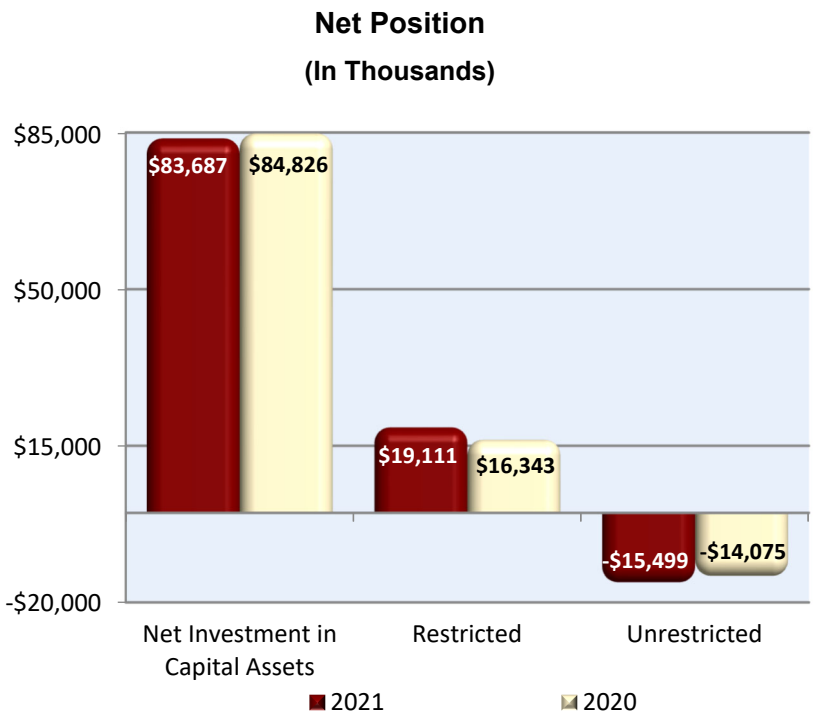
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2021, and June 30, 2020.

FINANCIAL HIGHLIGHTS

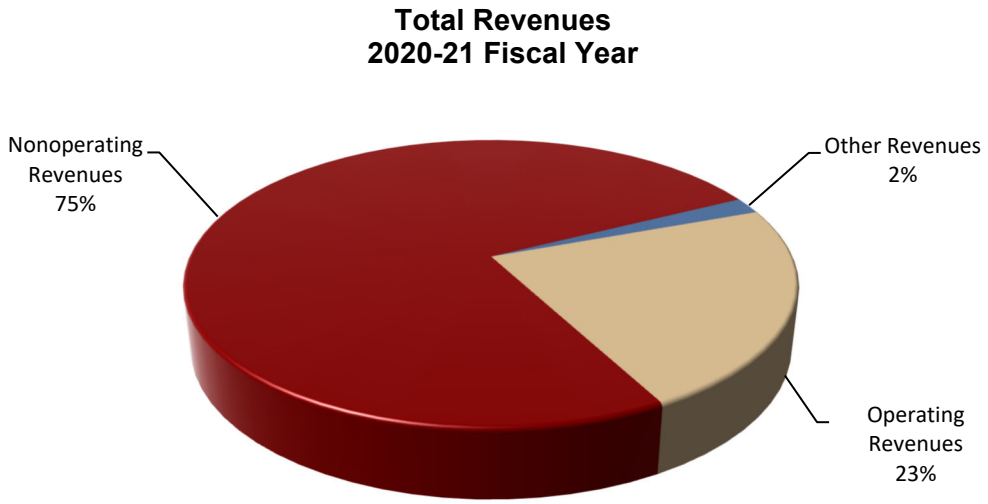
The College's assets and deferred outflows of resources totaled $124.3 million at June 30, 2021. This balance reflects a $4.3 million, or 3.6 percent, increase as compared to the 2019-20 fiscal year, the change resulted primarily from the following: $1.2 million increase in current assets – cash and cash equivalents, a $0.5 million increase in current assets – accounts receivable, and an increase in noncurrent assets – restricted cash and cash equivalents in the amount of $2.4 million. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources increased by $4.1 million, or 12.5 percent, totaling $37 million at June 30, 2021. Total liabilities increased by $4.7 million resulting primarily from a $2 million increase in current liabilities – unearned revenue, and a $2.9 million increase in noncurrent liabilities – net pension liability. This increase was offset by a slight decrease of $0.6 million in deferred inflows of resources – pensions. As a result, the College's net position increased by $0.2 million, resulting in a year-end balance of $87.3 million.

The College's operating revenues totaled $12.3 million for the 2020-21 fiscal year, representing a 6 percent increase compared to the 2019-20 fiscal year. This change is mainly due to an increase in Federal grants and contracts of $1.1 million. Operating expenses totaled $53.7 million for the 2020-21 fiscal year, representing a decrease of $26.6 million, or 33.1 percent as compared to the 2019-20 fiscal year due primarily to a $26.6 million decrease in materials and supplies and a $1.1 million decrease in contractual services. In addition, this large decrease was slightly offset by a $1.6 million increase in scholarships and waivers.

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, 2021, and June 30, 2020, is shown in the following graph:



The following chart provides a graphical presentation of College revenues by category for the 2020-21 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 unit, Gulf Coast State College Foundation, Inc. (Foundation). Based on the application of the criteria for determining component units, the Foundation and The Gulf Coast Commodore Club, Inc. (Commodore Club) are included within the

College reporting entity as discretely presented component units. The financial activities of the Commodore Club are not included in the College's financial statements as the total assets related to this component unit represent less than one percent of the total aggregate component units' assets.

Information regarding the Foundation component unit is presented in the notes to financial statements. This MD&A focuses on the College, excluding the discretely presented component unit.

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)

	2021	2020
Assets		
Current Assets	$ 23,030	$ 20,920
Capital Assets, Net	87,117	88,566
Other Noncurrent Assets	6,327	3,934
Total Assets	116,474	113,420
Deferred Outflows of Resources	7,873	6,618
Liabilities		
Current Liabilities	5,185	3,321
Noncurrent Liabilities	30,215	27,370
Total Liabilities	35,400	30,691
Deferred Inflows of Resources	1,648	2,253
Net Position		
Net Investment in Capital Assets	83,687	84,826
Restricted	19,111	16,343
Unrestricted	(15,499)	(14,075)
Total Net Position	$ 87,299	$ 87,094

Total assets increased by $3.1 million with current assets increasing $2.1 million and other noncurrent assets increasing $2.4 million. This increase was offset by a decrease in capital assets, net in the amount of $1.4 million. These changes are primarily attributed to an increase in current assets – cash and cash equivalents of $1.2 million, a $0.5 million increase in current assets – accounts receivable, and an increase in noncurrent assets – restricted cash and cash equivalents in the amount of $2.4 million. In

addition, deferred outflows of resources – pensions increased by $0.9 million. Total liabilities increased by $4.7 million resulting primarily from a $2 million increase in current liabilities – unearned revenue, and a $2.9 million increase in noncurrent liabilities – net pension liability. In addition, deferred inflows of resources – pensions decreased by $0.6 million. The effect of the increase in total assets and deferred outflows of resources, coupled by the increase in total liabilities and the decrease in deferred inflows of resources resulted in an increase of $0.2 million in total net position.

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 2020-21 and 2019-20 fiscal years:

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

(In Thousands)

	2020-21	2019-20
Operating Revenues	$ 12,252	$ 11,563
Less, Operating Expenses	53,714	80,322
Operating Loss	(41,462)	(68,759)
Net Nonoperating Revenues	40,680	66,868
Loss Before Other Revenues	(782)	(1,891)
Other Revenues	987	1,083
Net Increase (Decrease) In Net Position	205	(808)
Net Position, Beginning of Year	87,094	87,902
Net Position, End of Year	$ 87,299	$ 87,094

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 2020-21 and 2019-20 fiscal years:

Operating Revenues
For the Fiscal Years

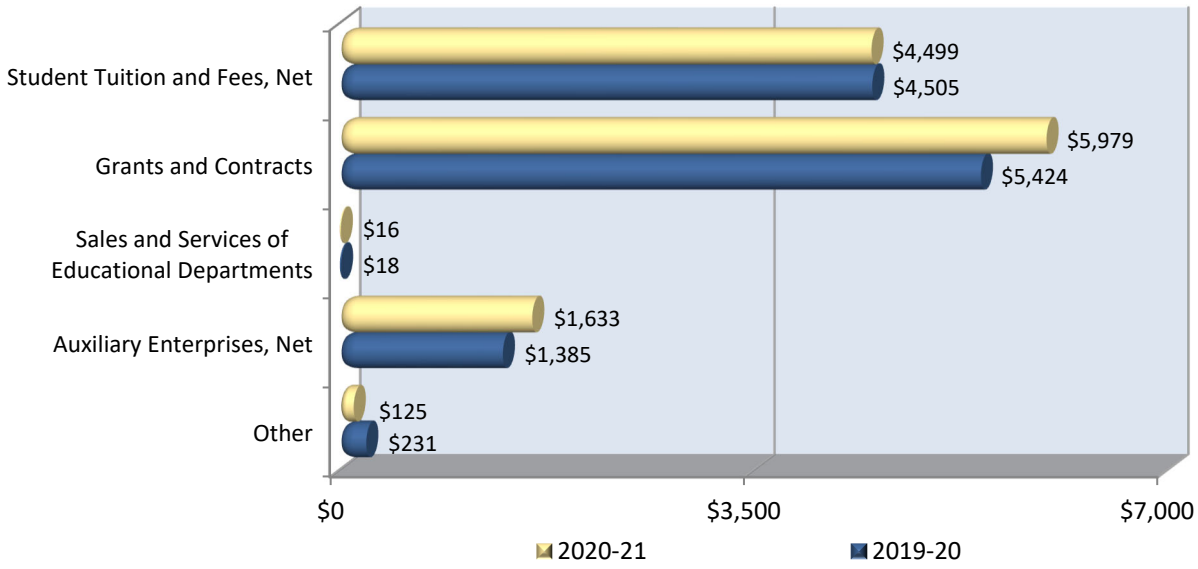
(In Thousands)

	2020-21	2019-20
Student Tuition and Fees, Net	$ 4,499	$ 4,505
Grants and Contracts	5,979	5,424
Sales and Services of Educational Departments	16	18
Auxiliary Enterprises, Net	1,633	1,385
Other	125	231
Total Operating Revenues	$ 12,252	$ 11,563

The following chart presents the College's operating revenues for the 2020-21 and 2019-20 fiscal years:

Operating Revenues

(In Thousands)



College operating revenue changes were primarily the result of an increase in grants and contracts.

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 2020-21 and 2019-20 fiscal years:

Operating Expenses
For the Fiscal Years

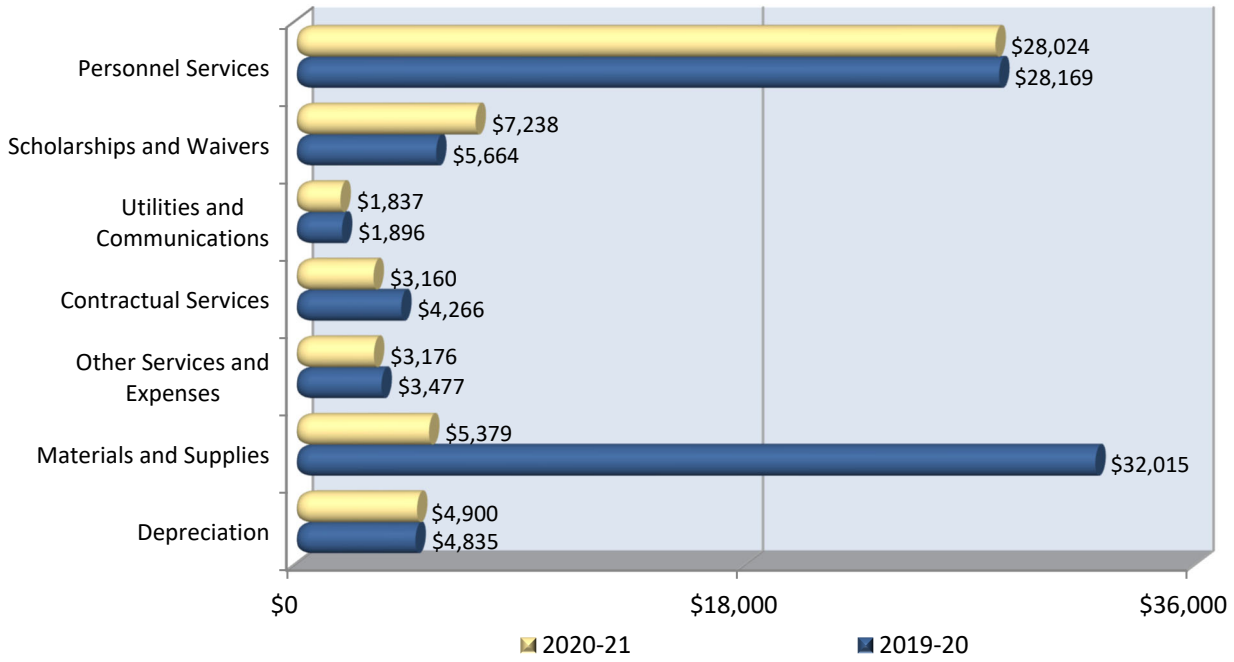
(In Thousands)

	2020-21	2019-20
Personnel Services	$ 28,024	$ 28,169
Scholarships and Waivers	7,238	5,664
Utilities and Communications	1,837	1,896
Contractual Services	3,160	4,266
Other Services and Expenses	3,176	3,477
Materials and Supplies	5,379	32,015
Depreciation	4,900	4,835
Total Operating Expenses	$ 53,714	$ 80,322

The following chart presents the College's operating expenses for the 2020-21 and 2019-20 fiscal years:

Operating Expenses

(In Thousands)



College operating expense changes were the result of the following factors: increase in scholarship and waivers offset by a decrease in contractual services, and a decrease in materials and supplies. The significant decrease in materials and supplies and the decrease in contractual services is due to completion of repairs due to Hurricane Michael. The increase in scholarships and waivers is due to payments made to students through the COVID-19 Federal grant for student assistance.

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 2020-21 and 2019-20 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Noncapital Appropriations	$ 24,788	$ 22,975
Federal and State Student Financial Aid	9,108	9,850
Gifts and Grants	5,183	2,494
Investment Income	100	124
Other Nonoperating Revenues	1,660	31,599
Interest on Capital Asset-Related Debt	(159)	(174)
Net Nonoperating Revenues	$ 40,680	$ 66,868

The primary change in net nonoperating revenues is the result of a decrease in other nonoperating revenues attributed to a decrease in insurance recoveries related to Hurricane Michael, and an increase in gifts and grants attributed to funding received from Triumph Gulf Coast, Inc. (Triumph). Triumph funding was received and utilized to expand both the nursing program at the Gulf Franklin campus and the unmanned vehicle program at the Panama City campus. Additional funding was received through a third Triumph grant for the purchase of assets to be used in response to future natural disasters.

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 2020-21 and 2019-20 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Capital Appropriations	$ 95	$ 133
Capital Grants, Contracts, Gifts, and Fees	892	950
Total	$ 987	$ 1,083

The College other revenues remained fairly consistent between the two fiscal years.

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 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
Cash Provided (Used) by:		
Operating Activities	$ (33,713)	$ (61,831)
Noncapital Financing Activities	39,079	35,319
Capital and Related Financing Activities	(1,888)	27,104
Investing Activities	100	124
Net Increase in Cash and Cash Equivalents	3,578	716
Cash and Cash Equivalents, Beginning of Year	8,378	7,662
Cash and Cash Equivalents, End of Year	$ 11,956	$ 8,378

Major sources of funds came from State noncapital appropriations ($24.8 million), Federal and State student financial aid ($9.1 million), grants and contracts ($5.9 million), net student tuition and fees ($6 million), proceeds from insurance recoveries ($1.7 million), Federal Direct Loan program receipts ($1.6 million), net auxiliary enterprise receipts ($1.6 million), and gifts and grants received for other than capital or endowment purposes ($5.2 million). Major uses of funds were for payments to employees and for employee benefits ($26.3 million), payments to suppliers ($12 million), payments for scholarships ($7.2 million), purchases of capital assets ($3.7 million), payments for utilities and communications ($1.8 million), and disbursements to students for the Federal Direct Loan program ($1.6 million).

Changes in cash and cash equivalents were primarily the result of the following factors: reduction of Hurricane Michael related expenses and insurance recoveries, an increase in scholarship and waiver payments related to the COVID-19 pandemic, and an increase in gifts and grants.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the College had $158.1 million in capital assets, less accumulated depreciation of $71 million, for net capital assets of $87.1 million. Depreciation charges for the current fiscal year totaled $4.9 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2021	2020
Land	$ 5,132	$ 5,132
Construction in Progress	1,468	469
Buildings	69,806	72,495
Other Structures and Improvements	6,511	7,507
Furniture, Machinery, and Equipment	4,200	2,963
Capital Assets, Net	$ 87,117	$ 88,566

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, 2021, were incurred on the following projects: STEM Education Center and nursing training facility. The College's construction commitments at June 30, 2021, are as follows:

	Amount (In Thousands)
Total Committed	$ 2,752
Completed to Date	(1,468)
Balance Committed	$ 1,284

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

Debt Administration

As of June 30, 2021, the College had $3.8 million in outstanding bonds and a note payable representing a decrease of $0.6 million, or 13.3 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)

	2021	2020
Florida Department of Education:		
Capital Improvement Revenue Bonds	$ 3,430	$ 3,740
Note Payable	392	670
Total	$ 3,822	$ 4,410

The State Board of Education issues capital outlay bonds on behalf of the College. During the 2020-21 fiscal year, there were no bond sales and debt repayments totaled $0.6 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

Economic Factors That Will Affect the Future

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2021-22 fiscal year. The College's current financial and capital plans indicate that the financial resources from State funding will allow it to continue at the present level of service without a tuition increase for the 2021-22 fiscal year.

Requests for Information

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer, Gulf Coast State College, 5230 West Highway 98, Panama City, Florida 32401.

GULF COAST STATE COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2021

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 3,903,230	$ 618,680
Restricted Cash and Cash Equivalents	2,208,685	-
Restricted Investments	-	19,963,409
Accounts Receivable, Net	1,857,295	43,690
Pledges Receivable,Net	-	80,000
Notes Receivable, Net	23,930	-
Due from Other Governmental Agencies	13,752,217	-
Inventories	457,142	-
Prepaid Expenses	827,841	-
Other Assets	-	37,247
Total Current Assets	23,030,340	20,743,026
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	5,844,314	-
Restricted Investments	465,859	17,743,333
Pledges Receivable, Net	-	130,000
Depreciable Capital Assets, Net	80,516,602	-
Nondepreciable Capital Assets	6,600,453	-
Other Assets	16,673	-
Total Noncurrent Assets	93,443,901	17,873,333
TOTAL ASSETS	116,474,241	38,616,359
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	727,584	-
Pensions	7,145,024	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,872,608	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	880,899	42,820
Salary and Payroll Taxes Payable	1,251,172	-
Unearned Revenue	2,060,766	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	325,000	-
Notes Payable	281,373	3,414
Compensated Absences Payable	288,866	-
Other Postemployment Benefits Payable	31,965	-
Net Pension Liability	64,267	-
Total Current Liabilities	5,184,308	46,234

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	3,105,000	-
Notes Payable	110,564	52,246
Compensated Absences Payable	3,307,167	-
Other Postemployment Benefits Payable	2,545,180	-
Net Pension Liability	21,147,483	-
Total Noncurrent Liabilities	30,215,394	52,246
TOTAL LIABILITIES	35,399,702	98,480
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	188,251	-
Pensions	1,459,709	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,647,960	-
NET POSITION		
Net Investment in Capital Assets	83,687,055	-
Restricted:		
Nonexpendable:		
Endowment	-	17,630,647
Expendable:		
Grants and Loans	1,847,889	-
Scholarships	3,838	20,887,232
Capital Projects	17,259,885	-
Unrestricted	(15,499,480)	-
TOTAL NET POSITION	$ 87,299,187	$ 38,517,879

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

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GULF COAST 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, 2021

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $3,975,626	$ 4,499,101	$ -
Federal Grants and Contracts	4,229,247	-
State and Local Grants and Contracts	174,015	-
Nongovernmental Grants and Contracts	1,576,332	-
Sales and Services of Educational Departments	16,104	-
Auxiliary Enterprises, Net of Scholarship Allowances of $419,228	1,632,909	-
Other Operating Revenues	124,538	1,118,298
Total Operating Revenues	12,252,246	1,118,298
EXPENSES		
Operating Expenses:		
Personnel Services	28,024,069	-
Scholarships and Waivers	7,238,338	1,581,204
Utilities and Communications	1,836,651	-
Contractual Services	3,160,025	-
Other Services and Expenses	3,176,183	637,937
Materials and Supplies	5,379,031	-
Depreciation	4,899,737	-
Total Operating Expenses	53,714,034	2,219,141
Operating Loss	(41,461,788)	(1,100,843)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	24,788,732	-
Federal and State Student Financial Aid	9,107,523	-
Gifts and Grants	5,183,211	-
Investment Income	100,485	7,866,220
Other Nonoperating Revenues	1,659,506	-
Interest on Capital Asset-Related Debt	(159,365)	-
Net Nonoperating Revenues	40,680,092	7,866,220
Income (Loss) Before Other Revenues	(781,696)	6,765,377
State Capital Appropriations	94,840	-
Capital Grants, Contracts, Gifts, and Fees	892,311	-
Total Other Revenues	987,151	-
Increase in Net Position	205,455	6,765,377
Net Position, Beginning of Year	87,093,732	31,742,169
Adjustment to Beginning Net Position	-	10,333
Net Position, Beginning of Year as Restated	87,093,732	31,752,502
Net Position, End of Year	$ 87,299,187	$ 38,517,879

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

GULF COAST STATE COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2021

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 5,986,856
Grants and Contracts	5,927,317
Payments to Suppliers	(12,014,436)
Payments for Utilities and Communications	(1,836,651)
Payments to Employees	(20,573,955)
Payments for Employee Benefits	(5,770,342)
Payments for Scholarships	(7,238,338)
Loans Issued to Students	(290,384)
Collection on Loans to Students	322,909
Auxiliary Enterprises, Net	1,632,909
Sales and Services of Educational Departments	16,104
Other Receipts	124,538
Net Cash Used by Operating Activities	(33,713,473)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	24,788,732
Federal and State Student Financial Aid	9,107,523
Federal Direct Loan Program Receipts	1,558,802
Federal Direct Loan Program Disbursements	(1,558,802)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	5,183,211
Net Cash Provided by Noncapital Financing Activities	39,079,466
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	(25,833)
Capital Grants and Gifts	892,312
Proceeds from Insurance Recoveries for Damaged Assets	1,659,506
Purchases of Capital Assets	(3,666,435)
Principal Paid on Capital Debt	(588,530)
Interest Paid on Capital Debt	(159,365)
Net Cash Used by Capital and Related Financing Activities	(1,888,345)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	100,485
Net Cash Provided by Investing Activities	100,485
Net Increase in Cash and Cash Equivalents	3,578,133
Cash and Cash Equivalents, Beginning of Year	8,378,096
Cash and Cash Equivalents, End of Year	$ 11,956,229

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (41,461,788)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	4,899,737
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(549,369)
Due from Other Governmental Agencies	(59,401)
Notes Receivable, Net	32,525
Inventories	(15,009)
Prepaid Expenses	(213,309)
Accounts Payable	(64,950)
Salaries and Payroll Taxes Payable	120,158
Unearned Revenue	2,038,319
Compensated Absences Payable	(11,313)
Other Postemployment Benefits Payable	562,970
Net Pension Liability	2,868,126
Deferred Outflows of Resources Related to Other Postemployment Benefits	(322,980)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(38,606)
Deferred Outflows of Resources Related to Pensions	(931,722)
Deferred Inflows of Resources Related to Pensions	(566,861)
NET CASH USED BY OPERATING ACTIVITIES	$ (33,713,473)

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 Gulf Coast 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 Bay, Franklin, and Gulf 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:

- Gulf Coast 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.
- The Gulf Coast Commodore Club, Inc. (Commodore Club): This legally separate organization promotes educational, physical, and mental welfare of youth through amateur athletics and is governed by a separate board. Financial activities of this component unit are not included in the College's financial statements as the total assets related to this component unit represent less than one percent of the total aggregate component units' assets.

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the Chief Financial Officer, Gulf Coast State College, 5230 West US Highway 98, Panama City, Florida 32401. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended June 30, 2021.

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 the accrual basis of accounting, and follows FASB standards of accounting and financial reporting for not-for-profit organizations.

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, investment income, gifts and grants, and other nonoperating revenues such as insurance proceeds. 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 these resources are used to pay student charges, the College records a scholarship allowance against tuition and fee revenue and auxiliary enterprises revenue.

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

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

College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, 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, 2021, the College reported as cash equivalents at fair value $5,274,245 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 3.). 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 2.6 years and fair value factor of 0.984 at June 30, 2021. 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, 2021, the College reported as cash equivalents $550,677 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 50 days as of June 30, 2021. 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, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

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

- Furniture – 7 years

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, note 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. 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.

Fund	Net Position
Current Funds - Unrestricted	$ (19,795,442)
Auxiliary Funds	4,295,962
Total	$ (15,499,480)

3. Investments

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

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

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

All of the College's recurring fair value measurements as of June 30, 2021, are valued using quoted market prices (Level 1 inputs).

State Board of Administration Debt Service Accounts. The College reported investments totaling $465,859 at June 30, 2021, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Component Units Investments. The College component unit investments for the Foundation at June 30, 2021, are reported as follows:

		Fair Value Measurements Using	
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Unobservable Inputs (Level 3)**
Cash Equivalents	$ 446,546	$ 446,546	$ -
Fixed Income	7,757,444	7,757,444	-
Public Equity	23,185,318	23,185,318	-
Alternative Assets	5,449,751	2,198,709	3,251,042
Total investments by fair value level	$ 36,839,059	$ 33,588,017	$ 3,251,042
Investments measured at the net asset value (NAV)			
Secondary Partners	754,996		
Total investments measured at NAV	754,996		
Total investments measured at fair value	$ 37,594,055		

Real estate donated to the Foundation in 1981 was recorded on its books at $47,687 which was believed to be a conservative value as of the date of donation. The value was not established by an appraisal or other objective basis. Real estate donated to the Foundation in 2018 was recorded at its appraised value of $65,000.

4. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions for vending machine sales, unused credit memos, uncollected

installment plans and book scholarships, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $192,853 allowance for doubtful accounts.

5. Notes Receivable

Notes receivable represent student loans made under the College's short-term loan program. Notes receivable are reported net of a $24,100 allowance for doubtful notes.

6. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of $11,332,382 of Public Education Capital Outlay allocations due from the State for construction of College facilities and $206,441 for grant-related activities.

7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 5,131,962	$ -	$ -	$ 5,131,962
Construction in Progress	468,962	999,529	-	1,468,491
Total Nondepreciable Capital Assets	$ 5,600,924	$ 999,529	$ -	$ 6,600,453
Depreciable Capital Assets:				
Buildings	$ 121,127,318	$ -	$ -	$ 121,127,318
Other Structures and Improvements	15,054,925	-	-	15,054,925
Furniture, Machinery, and Equipment	16,193,932	2,451,180	3,321,336	15,323,776
Total Depreciable Capital Assets	152,376,175	2,451,180	3,321,336	151,506,019
Less, Accumulated Depreciation:				
Buildings	48,632,451	2,688,790	-	51,321,241
Other Structures and Improvements	7,547,573	996,683	-	8,544,256
Furniture, Machinery, and Equipment	13,230,992	1,214,264	3,321,336	11,123,920
Total Accumulated Depreciation	69,411,016	4,899,737	3,321,336	70,989,417
Total Depreciable Capital Assets, Net	$ 82,965,159	$ (2,448,557)	$ -	$ 80,516,602

8. Unearned Revenue

Unearned revenue at June 30, 2021, primarily consists of gifts and grants for Triumph Gulf Coast, Inc. grant-related activities.

9. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 3,740,000	$ -	$ 310,000	$ 3,430,000	$ 325,000
Note Payable	670,467	-	278,530	391,937	281,373
Compensated Absences Payable	3,607,346	348,661	359,974	3,596,033	288,866
Other Postemployment Benefits Payable	2,014,175	590,749	27,779	2,577,145	31,965
Net Pension Liability	18,343,624	10,338,441	7,470,315	21,211,750	64,267
Total Long-Term Liabilities	$ 28,375,612	$ 11,277,851	$ 8,446,598	$ 31,206,865	$ 991,471

Bonds Payable. The Florida Department of Education issued Capital Improvement Revenue Bonds, Series 2010A, as authorized by Article VII, Section 11(d) of the Florida Constitution, Sections 215.57 through 215.83 and Section 1009.23, Florida Statutes, and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2010A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2010A bonds. The Series 2010A bonds constitute the third series of bonds to be issued pursuant to a Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2010A bonds will share the lien of such additional bonds on the Series 2010A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds. The bonds were issued for new construction and equipment and renovation and remodeling of education facilities.

The College had the following bonds payable at June 30, 2021:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
Florida Department of Education Capital Improvement Revenue Bonds: Series 2010A	$ 3,430,000	4.00 - 4.375	2030

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Capital Improvement Revenue Bonds Principal	Interest	Total
2022	$ 325,000	$ 141,450	$ 466,450
2023	335,000	128,450	463,450
2024	350,000	115,050	465,050
2025	365,000	101,050	466,050
2026	380,000	86,450	466,450
2027-2030	1,675,000	183,206	1,858,206
Total	$ 3,430,000	$ 755,656	$ 4,185,656

Note Payable. On April 27, 2012, the College signed a promissory note for a line of credit up to $2,700,000 at a stated interest rate of 1 percent, to finance the Energy Efficiency Project (Project). The College made draws as needed to make payments to the contractors of the Project. The College completed the Project and started making principal payments in May 2013. As of June 30, 2021, the College has drawn $2,586,054. The note matures on April 27, 2023, and principal and interest payments are made monthly. The College pledged a deposit account as collateral for the note. The note contains a provision that, in an event of default, outstanding amounts become immediately due if the College is unable to make payment. Annual requirements to amortize the outstanding note as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 281,373	$ 2,671	$ 284,044
2023	110,564	270	110,834
Total	$ 391,937	$ 2,941	$ 394,878

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. 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, 2021, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $3,596,033. The current portion of the compensated absences liability, $288,866, is the amount expected to be paid in the coming fiscal year. This amount was estimated by performing an analysis of the last five years' payments made to employees for unused leave at the time of termination.

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

General Information about the OPEB Plan

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the Florida College System Risk Management Consortium that provides OPEB for all employees who satisfy the College's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's healthcare benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution

requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

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

Employees Covered by Benefit Terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	56
DROP Members	13
Active Employees	324
Total	393

Total OPEB Liability

The College's total OPEB liability of $2,577,145 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
Real wage growth	0.85 percent
Wage inflation	3.25 percent
Salary increases	
Regular Employees	3.40 – 7.80 percent
Senior Management	4.10 – 8.20 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.50 percent
Measurement Date	2.21 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2026
Medicare	5.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2021

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-2018.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018, 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, 2019, valuation were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/20	$ 2,014,175
Changes for the year:	
Service Cost	105,890
Interest	73,720
Changes in Assumptions or Other Inputs	411,135
Benefit Payments	(27,775)
Net Changes	562,970
Balance at 6/30/21	$ 2,577,145

Changes of Assumptions. The Municipal Bond Index Rate used to determine total OPEB liability (TOL) decreased from 3.50 percent in 2019 to 2.21 percent in 2020.

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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$3,283,462	$2,577,145	$2,043,212

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$1,968,642	$2,577,145	$3,429,667

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

For the fiscal year ended June 30, 2021, the College recognized OPEB expense of $241,031. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,404	$ -
Change of assumptions or other inputs	686,215	188,251
Transactions subsequent to the measurement date	31,965	-
Total	$ 727,584	$ 188,251

Of the total amount reported as deferred outflows of resources related to OPEB, $31,965 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 53,735
2023	53,735
2024	53,735
2025	53,735
2026	65,595
Thereafter	226,833
Total	$ 507,368

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, 2021, the College's proportionate share of the net pension liabilities totaled $21,211,750. Note 10. includes a complete discussion of defined benefit pension plans.

10. Retirement Plans – Defined Benefit Pension Plans

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

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 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 $3,261,818 for the fiscal year ended June 30, 2021.

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* (SMSC) – 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 60 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:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
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 2020-21 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	10.00
FRS, Senior Management Service	3.00	27.29
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 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 $1,596,696 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a liability of $15,047,050 for its proportionate share of the net pension liability. The net pension liability was measured as of

June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.034717439 percent, which was a decrease of 0.001190237 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $2,849,540. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 575,881	$ -
Change of assumptions	2,723,995	-
Net difference between projected and actual earnings on FRS Plan investments	895,916	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	55,209	590,844
College FRS contributions subsequent to the measurement date	1,596,696	-
Total	$ 5,847,697	$ 590,844

The deferred outflows of resources totaling $1,596,696, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 649,027
2023	1,201,266
2024	1,062,334
2025	633,182
2026	114,348
Total	$ 3,660,157

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 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 2020 valuation was updated from 6.90 percent to 6.80 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 6.80 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 (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
College's proportionate share of the net pension liability	$24,027,610	$15,047,050	$7,546,447

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

Payables to the Pension Plan. At June 30, 2021, the College reported a payable of $321,685 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2021.

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. 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, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 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, 2021, the contribution rate was 1.66 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 $295,577 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a net pension liability of $6,164,700 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.050489618 percent, which was a decrease of 0.002933565 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $412,278. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual experience	$ 252,174	$ 4,756
Change of assumptions	662,881	358,453
Net difference between projected and actual earnings on HIS Plan investments	4,922	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	81,773	505,656
College contributions subsequent to the measurement date	295,577	-
Total	$ 1,297,327	$ 868,865

The deferred outflows of resources totaling $295,577, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 50,760
2023	22,744
2024	(47,632)
2025	6,579
2026	63,682
Thereafter	36,752
Total	$ 132,885

Actuarial Assumptions. The total pension liability at July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

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 2.21 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 used in the 2020 valuation was updated from 3.50 percent to 2.21 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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
College's proportionate share of the net pension liability	$7,126,118	$6,164,700	$5,377,782

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, 2021, the College reported a payable of $6,565 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

11. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30

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, 2021, 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 $564,228 for the fiscal year ended June 30, 2021.

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 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan for a total of 8.59 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 $92,333 and employee contributions totaled $53,786 for the 2020-21 fiscal year.

12. Construction Commitments

The College's construction commitments at June 30, 2021, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
STEM Education Center	$ 1,202,756	$ 529,470	$ 673,286
Other Projects (1)	1,549,339	939,021	610,318
Total	$ 2,752,095	$ 1,468,491	$ 1,283,604

(1) Individual projects with a current balance committed of less than $1 million at June 30, 2021.

13. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to $110 million to February 28, 2021, and up to $100 million from March 1, 2021, 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.

14. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 16,345,953
Public Services	260,572
Academic Support	6,015,298
Student Services	4,325,536
Institutional Support	6,586,336
Operation and Maintenance of Plant	7,007,072
Scholarships and Waivers	7,037,598
Depreciation	4,899,737
Auxiliary Enterprises	1,235,932
Total Operating Expenses	$ 53,714,034

15. Subsequent Event

On July 22, 2021, the Florida Department of Education (FDOE) refunded the $3.4 million FDOE Capital Improvement Revenue bond, Series 2010A. The refunding will result in a savings of $1 million that will be recognized in the 2021-22 fiscal year.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	$ 105,890	$ 65,873	$ 71,539	$ 85,002
Interest	73,720	57,568	54,391	49,750
Difference between expected and actual experience	-	12,258	-	-
Changes of assumptions or other inputs	411,135	414,215	(113,993)	(215,318)
Benefit Payments	(27,775)	(46,131)	(58,253)	(30,885)
Net change in total OPEB liability	562,970	503,783	(46,316)	(111,451)
Total OPEB Liability - beginning	2,014,175	1,510,392	1,556,708	1,668,159
Total OPEB Liability - ending	$ 2,577,145	$ 2,014,175	$ 1,510,392	$ 1,556,708
Covered-Employee Payroll	$ 16,715,021	$ 16,715,021	$ 17,211,561	$ 17,211,561
Total OPEB Liability as a percentage of covered-employee payroll	15.42%	12.05%	8.78%	9.04%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the FRS net pension liability	0.034717439%	0.035907676%	0.035509083%	0.036607557%
College's proportionate share of the FRS net pension liability	$ 15,047,050	$ 12,366,104	$ 10,695,520	$ 10,828,270
College's covered payroll (2)	$ 21,223,407	$ 21,508,431	$ 20,789,546	$ 21,686,784
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	70.90%	57.49%	51.45%	49.93%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required FRS contribution	$ 1,596,696	$ 1,038,034	$ 1,129,352	$ 1,011,980
FRS contributions in relation to the contractually required contribution	(1,596,696)	(1,038,034)	(1,129,352)	(1,011,980)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 21,371,664	$ 21,223,407	$ 21,508,431	$ 20,789,546
FRS contributions as a percentage of covered payroll	7.47%	4.89%	5.25%	4.87%

(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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.037934738%	0.042908563%	0.043522957%	0.039666739%
$ 9,578,551	$ 5,542,216	$ 2,655,540	$ 6,828,411
$ 21,042,665	$ 20,940,363	$ 20,753,038	$ 20,147,311
45.52%	26.47%	12.80%	33.89%
84.88%	92.00%	96.09%	88.54%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 952,985	$ 952,099	$ 1,046,147	$ 953,337
(952,985)	(952,099)	(1,046,147)	(953,337)
$ -	$ -	$ -	$ -
$ 21,686,784	$ 21,042,665	$ 20,940,363	$ 20,753,038
4.39%	4.52%	5.00%	4.59%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the HIS net pension liability	0.050489618%	0.053423183%	0.052348116%	0.054856322%
College's proportionate share of the HIS net pension liability	$ 6,164,700	$ 5,977,520	$ 5,540,583	$ 5,865,490
College's covered payroll (2)	$ 19,459,020	$ 19,695,915	$ 18,948,605	$ 19,351,552
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	31.68%	30.35%	29.24%	30.31%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required HIS contribution	$ 295,577	$ 294,353	$ 296,652	$ 283,885
HIS contributions in relation to the contractually required HIS contribution	(295,577)	(294,353)	(296,652)	(283,885)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 19,578,762	$ 19,459,020	$ 19,695,915	$ 18,948,605
HIS contributions as a percentage of covered payroll	1.51%	1.51%	1.51%	1.50%

(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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.055821393%	0.056726536%	0.058023289%	0.057521773%
$ 6,505,752	$ 5,785,214	$ 5,425,319	$ 5,008,027
$ 18,903,691	$ 18,848,928	$ 18,820,920	$ 18,275,931
34.42%	30.69%	28.83%	27.40%
0.97%	0.50%	0.99%	1.78%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 290,315	$ 286,120	$ 216,844	$ 198,768
(290,315)	(286,120)	(216,844)	(198,768)
$ -	$ -	$ -	$ -
$ 19,351,552	$ 18,903,691	$ 18,848,928	$ 18,820,920
1.50%	1.51%	1.15%	1.06%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

Changes of Assumptions. The Municipal Bond Index Rate used to determine the OPEB liability (TOL) decreased from 3.50 percent at the prior measurement date to 2.21 percent at the current measurement date.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, and the active member mortality assumption was updated.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
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, the financial statements of the Gulf Coast State College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, 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 2, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 may exist that have not been identified.

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 2, 2022

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2022-073
December 2021

PALM BEACH STATE COLLEGE

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2020-21 fiscal year, Ava L. Parker served as President of Palm Beach State College and the following individuals served as Members of the Board of Trustees:

Wendy S. Link, Chair from 1-12-21,
Vice Chair through 1-11-21
Carolyn L. Williams, Vice Chair from 1-12-21
Barbara J. Miedema through 1-11-21, Chair
Patrice Bishop from 1-12-21
Darcy J. Davis through 1-11-21
Dr. Melissa Friedman-Levine from 1-12-21
Omar Soto from 1-12-21
Philip H. Ward III through 1-11-21

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 Joan Biro, CPA, and the audit was supervised by Diana G. Garza, 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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FLAuditor.gov

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State of Florida Auditor General

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PALM BEACH STATE COLLEGE

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Palm Beach 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 determine whether Palm Beach State College and its officers with administrative and stewardship responsibilities for College operations had:

- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also 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.

AUDITOR GENERAL
STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Palm Beach State College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Palm Beach State College and of its discretely presented component unit as of June 30, 2021, 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.

Other Matter

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**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of the Palm Beach 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 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 Palm Beach State College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
December 21, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

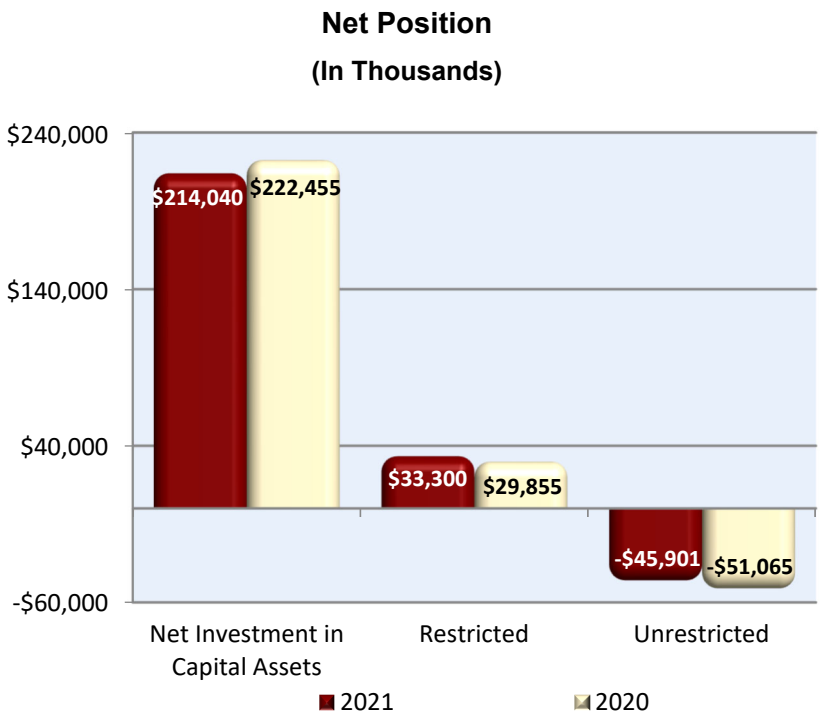
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2021, and June 30, 2020.

FINANCIAL HIGHLIGHTS

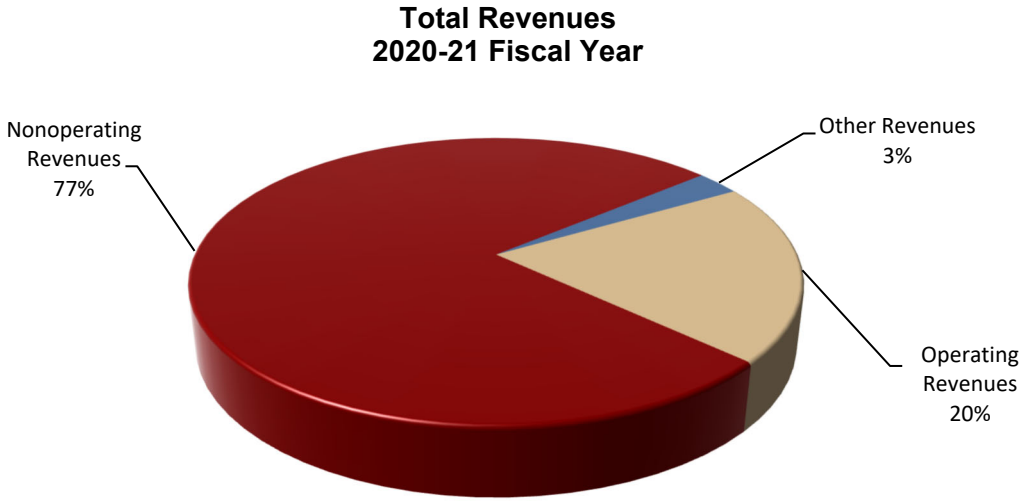
The College's assets and deferred outflows of resources totaled $319.7 million at June 30, 2021. This balance reflects a $9.1 million, or 2.9 percent, increase as compared to the 2019-20 fiscal year, primarily resulting from a $17.8 million increase in current assets. Liabilities also increased by $9.2 million and deferred inflows of resources decreased by $0.2 million, for a combined total of $118.2 million at June 30, 2021, compared to $109.3 million at June 30, 2020. The increase in assets and liabilities resulted in the College's net position being relatively unchanged for the current fiscal year with a year-end balance of $201.4 million compared to $201.2 million in the previous fiscal year.

The College's operating revenues totaled $42.9 million for the 2020-21 fiscal year, representing a $7.8 million, or 15.4 percent, decrease compared to the 2019-20 fiscal year due mainly to a decrease of student tuition and fees by $7.4 million. Operating expenses totaled $212.2 million for the 2020-21 fiscal year, representing an increase of $2.8 million or 1.3 percent as compared to the 2019-20 fiscal year due mainly to increases in scholarships of $7.6 million and a decrease in personnel services of $5.9 million. Net nonoperating revenues were up $23.2 million, or 16.5 percent, for a total of $163.6 million in the 2020-21 fiscal year primarily due to Federal grants of $25.3 million from the Coronavirus Aid, Recovery, and Economic Security (CARES) Act, and the Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Act.

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, 2021, and June 30, 2020, is shown in the following graph:



The following chart provides a graphical presentation of College revenues by category for the 2020-21 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 unit, Palm Beach State College Foundation, Inc. (Foundation). Based on the application of the criteria for determining

component units, the Foundation is included within the College reporting entity as a discretely presented component unit.

This MD&A focuses on the College, excluding the discretely presented component unit. The component unit reports under GASB standards, and its MD&A information is included in their separately issued audit report.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2021	2020
Assets		
Current Assets	$ 40,561	$ 22,756
Capital Assets, Net	224,425	233,836
Other Noncurrent Assets	24,819	24,096
Total Assets	289,805	280,688
Deferred Outflows of Resources	29,858	29,841
Liabilities		
Current Liabilities	7,817	7,354
Noncurrent Liabilities	104,804	96,104
Total Liabilities	112,621	103,458
Deferred Inflows of Resources	5,603	5,826
Net Position		
Net Investment in Capital Assets	214,040	222,455
Restricted	33,300	29,855
Unrestricted	(45,901)	(51,065)
Total Net Position	$ 201,439	$ 201,245

The College's net position remained relatively unchanged at $201.4 million compared to $201.2 million. Further information related to pension expenses, liabilities, deferred inflows and outflows, and other relevant actuarial data are found in the notes and supplementary information of this report.

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 2020-21 and 2019-20 fiscal years:

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

(In Thousands)

	2020-21	2019-20
Operating Revenues	$ 42,923	$ 50,728
Less, Operating Expenses	212,174	209,403
Operating Loss	(169,251)	(158,675)
Net Nonoperating Revenues	163,579	140,412
Loss Before Other Revenues	(5,672)	(18,263)
Other Revenues	5,866	7,233
Net Increase (Decrease) In Net Position	194	(11,030)
Net Position, Beginning of Year	201,245	212,275
Net Position, End of Year	$ 201,439	$ 201,245

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 2020-21 and 2019-20 fiscal years:

Operating Revenues
For the Fiscal Years

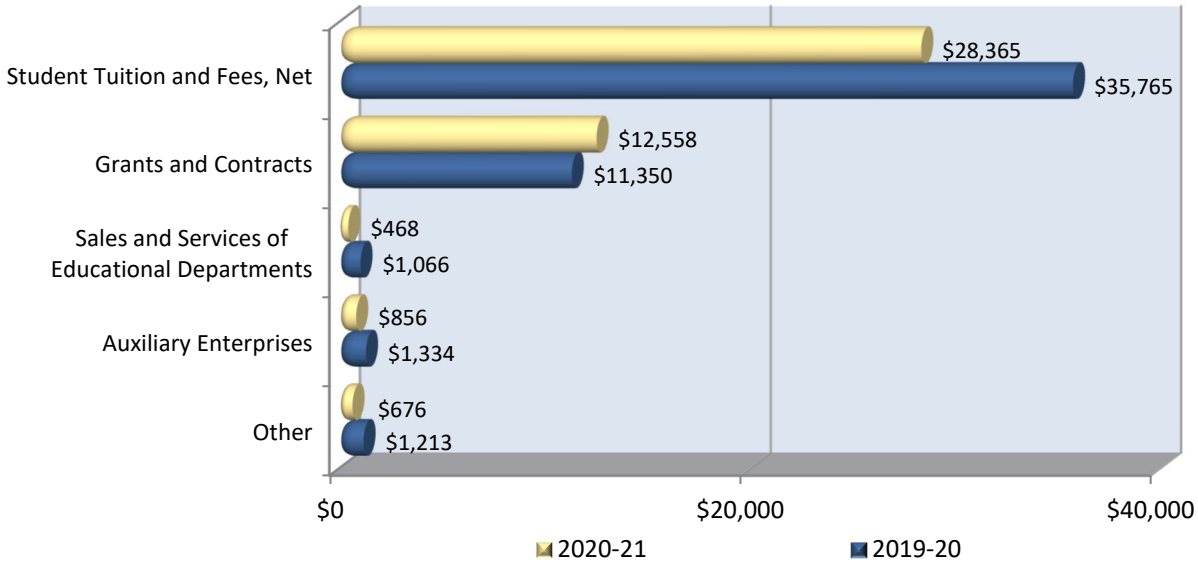
(In Thousands)

	2020-21	2019-20
Student Tuition and Fees, Net	$ 28,365	$ 35,765
Grants and Contracts	12,558	11,350
Sales and Services of Educational Departments	468	1,066
Auxiliary Enterprises	856	1,334
Other	676	1,213
Total Operating Revenues	$ 42,923	$ 50,728

The following chart presents the College's operating revenues for the 2020-21 and 2019-20 fiscal years:

Operating Revenues

(In Thousands)



College operating revenue changes were primarily the result of a decrease of student net tuition and fees of $7.4 million, or 20.7 percent, mainly attributed to a reduction in paid enrollment.

Operating Expenses

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

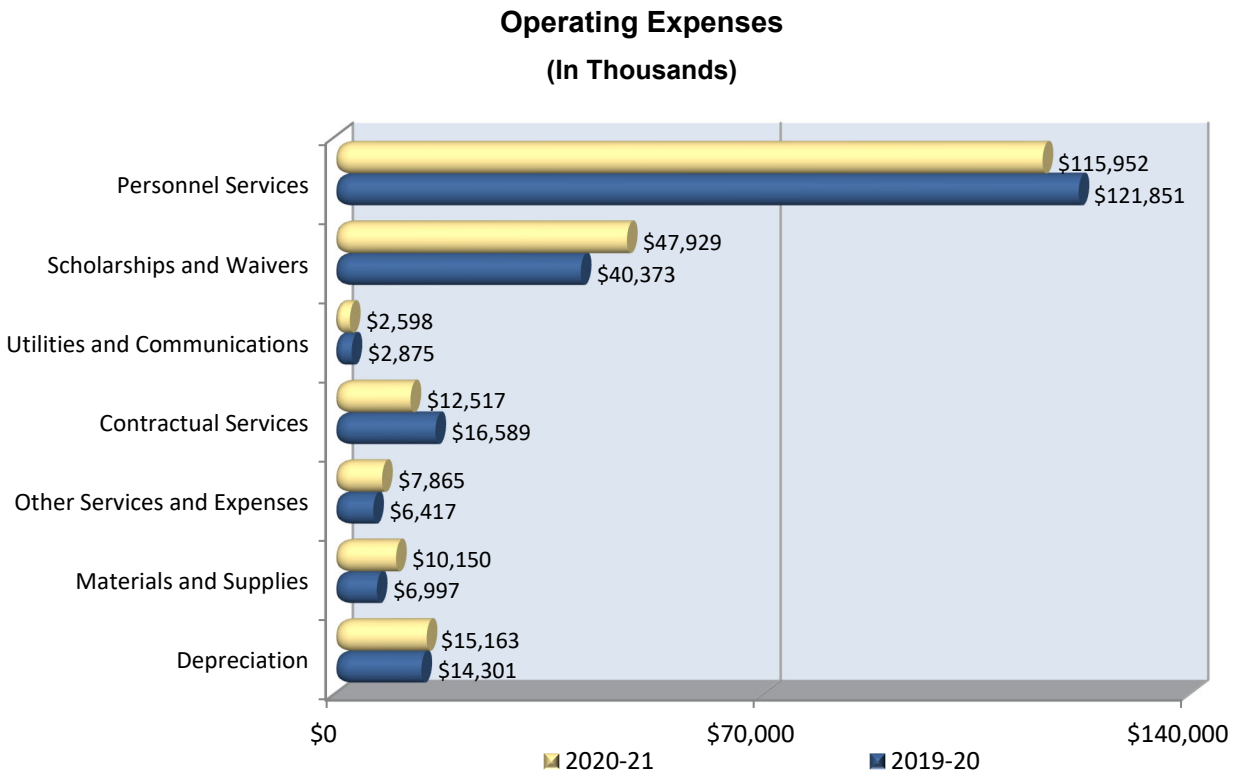
The following summarizes operating expenses by natural classification for the 2020-21 and 2019-20 fiscal years:

Operating Expenses
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
Personnel Services	$ 115,952	$121,851
Scholarships and Waivers	47,929	40,373
Utilities and Communications	2,598	2,875
Contractual Services	12,517	16,589
Other Services and Expenses	7,865	6,417
Materials and Supplies	10,150	6,997
Depreciation	15,163	14,301
Total Operating Expenses	$ 212,174	$209,403

The following chart presents the College's operating expenses for the 2020-21 and 2019-20 fiscal years:



College operating expense changes were the result of the following factors:

- A decrease in personnel services of $5.9 million, or 4.8 percent, primarily related to a reduction of temporary staffing.
- An increase in scholarships and waivers of $7.6 million, or 18.7 percent, resulting primarily due to increased disbursements to students in the form of stipends from the CARES Act and CRRSAA Act funding.

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 2020-21 and 2019-20 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Noncapital Appropriations	$ 68,345	$ 66,490
Federal and State Student Financial Aid	68,374	70,989
Gifts and Grants	27,691	2,394
Investment Income	280	814
Net Gain (Loss) on Investments	(728)	117
Other Nonoperating Revenues	57	83
Interest on Capital Asset-Related Debt	(440)	(475)
Net Nonoperating Revenues	$ 163,579	$ 140,412

Net nonoperating revenues increased $23.2 million, or 16.5 percent, primarily due to increases in the CARES Act and CRRSAA Act funding of $22.7 million and Federal institution funds of $3.2 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 2020-21 and 2019-20 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Capital Appropriations	$ 636	$ 746
Capital Grants, Contracts, Gifts, and Fees	5,230	6,487
Total	$ 5,866	$ 7,233

Other revenues decreased by $1.4 million, or 18.9 percent, due primarily to a decrease of capital improvement fee revenue related to a reduction in enrollment.

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 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
Cash Provided (Used) by:		
Operating Activities	$ (137,729)	$ (138,649)
Noncapital Financing Activities	148,646	139,746
Capital and Related Financing Activities	(15)	(5,125)
Investing Activities	(449)	931
Net Increase (Decrease) in Cash and Cash Equivalents	10,453	(3,097)
Cash and Cash Equivalents, Beginning of Year	31,839	34,936
Cash and Cash Equivalents, End of Year	$ 42,292	$ 31,839

Major sources of funds came from State noncapital appropriations ($68.3 million), Federal and State student financial aid ($68.3 million) and net student tuition and fees ($34.9 million). Major uses of funds were for payments to employees and for employee benefits ($107.8 million), payments for scholarships ($47.9 million), to providers of goods and services ($30.5 million), and purchases of capital assets ($5.8 million).

An increase of $10.5 million in cash and cash equivalents was the result of the following factors: purchases of capital assets decreased $5.4 million, or 48.5 percent, and payments for employees and employee benefits decreased $3.2 million, or 2.9 percent.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the College had $447.3 million in capital assets, less accumulated depreciation of $222.9 million, for net capital assets of $224.4 million. Depreciation charges for the current fiscal year totaled $15.2 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)

	2021	2020
Land	$ 9,768	$ 9,768
Construction in Progress	1,996	1,046
Buildings	189,877	197,061
Other Structures and Improvements	21,068	23,823
Furniture, Machinery, and Equipment	1,716	2,138
Capital Assets, Net	$224,425	$233,836

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, 2021, were incurred for the Dental/Medical Building at the Loxahatchee Groves Campus. The College's construction commitments at June 30, 2021, are as follows:

	Amount (In Thousands)
Total Committed	$ 5,140
Completed to Date	1,996
Balance Committed	$ 3,144

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

Debt Administration

As of June 30, 2021, the College had $10.4 million in outstanding bonds payable, representing a decrease of $1 million, or 8.9 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)

	2021	2020
SBE Capital Outlay Bonds	$ 569	$ 695
Capital Improvement Revenue Bonds	9,795	10,685
Total	$ 10,364	$ 11,380

The State Board of Education issues capital outlay bonds on behalf of the College. The debt repayment for the 2020-21 fiscal year totaled $1 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

For the 2021-22 fiscal year, the College's appropriation calculation and anticipated enrollment was used to prepare the initial revenue budget. However, since the College's economic impact has been linked to the Coronavirus pandemic, the College's 2021-22 fiscal year budget was prepared with sufficient reserves to cover fluctuations in enrollment. For the 2021-22 fiscal year budget, the College planned for an enrollment reduction of approximately 14 percent. However, the Coronavirus pandemic is expected to affect those enrollment levels more than planned. Despite the potential enrollment level declines, the College has adequate reserves coupled with budgetary reduction plans to help cover pandemic-related economic issues. Additionally, the College has been awarded $131 million over the 2019-20 and 2020-21 fiscal years in Federal CARES Act and CRRSAA Act funds which will continue to assist students in the form of emergency grant aid and also assist in enhancing online learning initiatives, cover certain technology needs, and address safety issues resulting from the pandemic so that all campuses can reopen safely for students and staff.

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 Administration, Palm Beach State College, 4200 South Congress Avenue, MS #24, Lake Worth, Florida 33461.

PALM BEACH STATE COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2021

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 17,472,960	$ 5,774,687
Restricted Investments	-	21,104,904
Accounts Receivable, Net	1,846,200	2,783,481
Due from Other Governmental Agencies	20,638,287	-
Due from Component Unit	88,334	-
Prepaid Expenses	430,538	-
Deposits	84,744	-
Total Current Assets	40,561,063	29,663,072
Noncurrent Assets:		
Accounts Receivable, Net	-	5,461,586
Restricted Cash and Cash Equivalents	24,818,803	-
Investments	-	20,726,537
Depreciable Capital Assets, Net	212,661,062	-
Nondepreciable Capital Assets	11,763,426	-
Total Noncurrent Assets	249,243,291	26,188,123
TOTAL ASSETS	289,804,354	55,851,195
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	418,902	-
Pensions	29,438,938	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	29,857,840	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,550,553	767,900
Salary and Payroll Taxes Payable	1,864,975	-
Unearned Revenue	179,711	-
Deposits Held for Others	1,084,871	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	1,057,000	-
Net Pension Liability	255,641	-
Compensated Absences Payable	761,789	-
Other Postemployment Benefits Payable	62,208	-
Other Liabilities	-	64,425
Total Current Liabilities	7,816,748	832,325

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	9,307,000	-
Net Pension Liability	85,445,757	-
Compensated Absences Payable	8,457,233	-
Other Postemployment Benefits Payable	1,329,427	-
Other Noncurrent Liabilities	264,101	871,444
Total Noncurrent Liabilities	104,803,518	871,444
TOTAL LIABILITIES	112,620,266	1,703,769
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	452,967	-
Pensions	5,149,674	-
TOTAL DEFERRED INFLOWS OF RESOURCES	5,602,641	-
NET POSITION		
Net Investment in Capital Assets	214,039,892	-
Restricted:		
Nonexpendable:		
Endowment	-	20,726,537
Expendable:		
Grants and Loans	1,986,288	-
Scholarships	3,494,675	20,913,083
Capital Projects	27,819,854	-
Unrestricted	(45,901,422)	12,507,806
TOTAL NET POSITION	$ 201,439,287	$ 54,147,426

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

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PALM BEACH 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, 2021

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $27,450,953	$ 28,365,071	$ -
Federal Grants and Contracts	4,702,871	-
State and Local Grants and Contracts	5,066,154	-
Nongovernmental Grants and Contracts	2,789,748	10,264,073
Sales and Services of Educational Departments	467,733	-
Auxiliary Enterprises	855,889	-
Other Operating Revenues	675,647	1,251,097
Total Operating Revenues	42,923,113	11,515,170
EXPENSES		
Operating Expenses:		
Personnel Services	115,951,732	-
Scholarships and Waivers	47,929,148	1,849,666
Utilities and Communications	2,597,666	-
Contractual Services	12,516,520	-
Other Services and Expenses	7,865,231	2,523,785
Materials and Supplies	10,150,472	-
Depreciation	15,162,740	-
Total Operating Expenses	212,173,509	4,373,451
Operating Income (Loss)	(169,250,396)	7,141,719
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	68,345,286	-
Federal and State Student Financial Aid	68,374,212	-
Gifts and Grants	27,691,161	945,686
Investment Income	279,933	4,987,114
Net Loss on Investments	(728,751)	-
Other Nonoperating Revenues	57,184	-
Interest on Capital Asset-Related Debt	(440,656)	-
Net Nonoperating Revenues	163,578,369	5,932,800
Income (Loss) Before Other Revenues	(5,672,027)	13,074,519
State Capital Appropriations	636,400	-
Capital Grants, Contracts, Gifts, and Fees	5,229,839	-
Total Other Revenues	5,866,239	-
Increase in Net Position	194,212	13,074,519
Net Position, Beginning of Year	201,245,075	41,072,907
Net Position, End of Year	$ 201,439,287	$ 54,147,426

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

PALM BEACH STATE COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2021

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 34,906,051
Grants and Contracts	13,809,186
Payments to Suppliers	(30,466,789)
Payments for Utilities and Communications	(2,597,666)
Payments to Employees	(85,152,666)
Payments for Benefits	(22,639,063)
Payments for Scholarships	(47,857,582)
Auxiliary Enterprises	1,128,885
Sales and Services of Educational Departments	467,733
Other Receipts	672,999
Net Cash Used by Operating Activities	(137,728,912)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	68,345,286
Federal and State Student Financial Aid	68,277,285
Federal Direct Loan Program Receipts	8,872,310
Federal Direct Loan Program Disbursements	(8,872,310)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	12,045,356
Other Nonoperating Disbursements	(22,378)
Net Cash Provided by Noncapital Financing Activities	148,645,549
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	1,919,675
Capital Grants and Gifts	5,229,839
Proceeds from Sale of Capital Assets	57,184
Purchases of Capital Assets	(5,765,151)
Principal Paid on Capital Debt and Leases	(1,016,000)
Interest Paid on Capital Debt and Leases	(440,656)
Net Cash Used by Capital and Related Financing Activities	(15,109)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Loss	(448,818)
Net Cash Used by Investing Activities	(448,818)
Net Increase in Cash and Cash Equivalents	10,452,710
Cash and Cash Equivalents, Beginning of Year	31,839,053
Cash and Cash Equivalents, End of Year	$ 42,291,763

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (169,250,396)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	15,162,740
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	6,465,913
Prepaid Expenses	(81,093)
Accounts Payable	1,748,836
Salaries and Payroll Taxes Payable	(1,173,145)
Unearned Revenue	133,667
Deposits Held for Others	(2,648)
Compensated Absences Payable	(88,210)
Other Postemployment Benefits Payable	18,258
Net Pension Liability	9,577,074
Deferred Outflows of Resources Related to Other Postemployment Benefits	38,492
Deferred Inflows of Resources Related to Other Postemployment Benefits	15,224
Deferred Outflows of Resources Related to Pensions	(55,507)
Deferred Inflows of Resources Related to Pensions	(238,117)
NET CASH USED BY OPERATING ACTIVITIES	$ (137,728,912)

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 Palm Beach State College, a component unit of the State of Florida, is the District Board of Trustees. The Board of Trustees constitutes a corporation and is composed of five members appointed by the Governor and confirmed by the Senate. The Board of Trustees is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by State law and State Board of Education (SBE) rules. However, the Board of Trustees is directly responsible for the day-to-day operations and control of the College within the framework of applicable State laws and SBE rules. The College serves Palm Beach County.

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

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

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the Controller's Office, Palm Beach State College, 4200 South Congress Avenue, MS #11.5, Lake Worth, Florida 33461. 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, 2020.

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

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

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

The College's component unit uses the economic resources measurement focus and 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, and investment income. Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College determines its scholarship allowance by identifying those student transactions where the student's classes were paid

by an applicable financial aid source. To the extent that those resources are used to pay student charges, the College records a scholarship allowance against tuition and fees revenue.

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

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

College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, 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, 2021, the College reported as cash equivalents at fair value $19,880,681 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 3.). 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 2.60 years and fair value factor of 0.9840 at June 30, 2021. 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, 2021, the College reported as cash equivalents $210,768 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

50 days as of June 30, 2021. 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, 2021, 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.

State Board of Administration Debt Service Accounts. The College reported cash equivalents totaling $12,736 on June 30, 2021, in the SBA Debt Service Accounts. These cash equivalents are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's cash equivalents consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Cash and Cash Equivalents – Discretely Presented Component Unit. The amount reported for the Foundation as cash and cash equivalents consists of cash, money market accounts, and highly liquid fixed income investments with original maturities of 3 months or less.

Custodial Credit Risk. Cash deposits in excess of Federal Depositors Insurance Corporation (FDIC) limits at individual financial institutions and cash held in money market accounts are uninsured. Management does not consider this risk significant. Certain cash equivalents are held in brokerage house investment accounts that are not insured by the FDIC. The total amount of cash and cash equivalents held by such institutions amounted to $5,774,687 at December 31, 2020.

Capital Assets. College capital assets consist of land, construction in progress, buildings, other structures and improvements, and furniture, machinery, and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that

significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of $5,000 for tangible personal property and $50,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

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

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, compensated absences payable, other postemployment benefits payable, net pension liabilities, and other noncurrent 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. 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.

Fund	Net Position
Current Funds - Unrestricted	$ (48,568,194)
Auxiliary Funds	2,666,772
Total	$ (45,901,422)

3. 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.

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 Unit Investments.

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

All of the College's component unit recurring fair value measurements as of December 31, 2020, are valued using quoted market prices (Level 1 inputs).

Investments held by the College's component unit at December 31, 2020, are reported as follows:

	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments by fair value level	
Debt Securities	
U.S. Guaranteed Obligations	$ 4,312,398
Corporate Bonds	2,732,715
Total Debt Securities	7,045,113
Equity Securities	
Domestic Stocks	17,801,553
International Stocks	4,808,949
Total Equity Securities	22,610,502
Investments not measured at the net asset value (NAV)	
Mutual Funds	10,904,685
Real Estate Investments	1,271,141
Total investments not measured at NAV	12,175,826
Total Component Unit investments measured at fair value	$ 41,831,441

The Foundation has developed an investment objective of growth and income over the long term. Per the Foundation's investment policy, the spending policy is to make available on an annual basis an amount equal to approximately 4 percent of the market value of the Foundation's assets as of the beginning of each fiscal year, plus approximately 1 percent to account for administrative expenses. These distributions may be from any combination of income, earnings, or principal value of contributions that are not donor or Board restricted. The following risks apply to the Foundation's investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The Foundation's policy for managing its exposure for changes in interest rates is through maintaining diversification of its investments and investment maturity dates to minimize the impact of downturns in the market. As of December 31, 2020, the Foundation had investments in corporate bonds and is therefore subject to interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's policy for managing its exposure to credit risk is through maintaining its investments in securities rated "BBB" (or its equivalent) or higher at the time of purchase by a nationally recognized statistical rating agency. As of December 31, 2020, the credit quality of the Foundation's fixed income accounts was rated "BB" or higher. The policy also recommends a target asset allocation strategy of 60 percent equities (minimum 50 percent and maximum 70 percent limits) and 40 percent fixed income and cash equivalents (minimum 25 percent and maximum 50 percent limits).

Obligations of United States government agencies and instrumentalities and domestic equities do not require disclosure of credit quality. Mortgage-backed pass-throughs were not rated. Corporate bonds held by the Foundation at December 31, 2020, were rated as follows:

		Credit Quality Ratings	
Investment Type	**Fair Value**	**Moody's**	**Standard & Poor's**
Corporate Bonds	$ 1,662,178	AAA to A3	AAA to A-
	1,046,357	BAA1 to BAA3	BBB+ to BBB-
	24,180	BA3	BB
Total Corporate Bonds	$ 2,732,715		

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. Exposure to custodial risk relates to investment securities that are held by someone other than the Foundation and are not registered in the Foundation's name. The Foundation's investment policy does not address custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Foundation's investment policy requires that invested assets be broadly diversified by asset class, investment style, number of issues, issue type, and other factors consistent with the investment objectives to reduce the risk of wide swings in market value from year-to-year or incurring large losses that may result from concentrated positions. Subject to the usual standards of fiduciary prudence, and to minimize the risk of large losses, each investment manager is to maintain adequate diversification in their portfolio.

4. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $643,666 allowance for doubtful accounts.

5. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of approximately $15 million of Federal Coronavirus Aid, Recovery, and Economic Security (CARES) Act funding and approximately $3 million of Public Education Capital Outlay allocations due from the State for construction of College facilities.

6. Due From Component Unit

The amount of $88,334 due from component unit consists of amounts owed to the College by the Foundation for scholarships and student aid. The College's financial statements are reported for the fiscal year ended June 30, 2021. The College's component unit financial statements are reported for the fiscal year ended December 31, 2020. Although the College reported an amount due from the component unit on the statement of net position, no amount is reported by the component unit as due to the College.

7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 9,767,813	$ -	$ -	$ 9,767,813
Construction in Progress	1,046,138	949,475	-	1,995,613
Total Nondepreciable Capital Assets	$ 10,813,951	$ 949,475	$ -	$ 11,763,426
Depreciable Capital Assets:				
Buildings	$ 334,675,018	$ 1,076,310	$ -	$ 335,751,328
Other Structures and Improvements	73,248,831	3,276,768	-	76,525,599
Furniture, Machinery, and Equipment	22,939,292	603,611	282,308	23,260,595
Total Depreciable Capital Assets	430,863,141	4,956,689	282,308	435,537,522
Less, Accumulated Depreciation:				
Buildings	137,614,629	8,260,003	-	145,874,632
Other Structures and Improvements	49,426,130	6,030,824	-	55,456,954
Furniture, Machinery, and Equipment	20,800,864	871,913	127,903	21,544,874
Total Accumulated Depreciation	207,841,623	15,162,740	127,903	222,876,460
Total Depreciable Capital Assets, Net	$ 223,021,518	$ (10,206,051)	$ 154,405	$ 212,661,062

8. Unearned Revenue

Unearned revenue of $179,711 at June 30, 2021, consists of Federal Financial Aid Administrative cost allowance funds received prior to fiscal year end related to subsequent accounting periods.

9. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 11,380,000	$ -	$ 1,016,000	$ 10,364,000	$ 1,057,000
Compensated Absences Payable	9,307,232	1,213,523	1,301,733	9,219,022	761,789
Other Postemployment Benefits Payable	1,373,378	147,579	129,322	1,391,635	62,208
Net Pension Liability	76,124,324	40,164,964	30,587,890	85,701,398	255,641
Other Noncurrent Liabilities	286,478	-	22,377	264,101	-
Total Long-Term Liabilities	$ 98,471,412	$ 41,526,066	$ 33,057,322	$ 106,940,156	$ 2,136,638

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

- SBE Capital Outlay Bonds. The SBE issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The SBE and the SBA administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements.
- Capital Improvement Revenue Bonds, Series 2012A and 2018A. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2012A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2012A bonds. The Series 2012A bonds constitute the first series of bonds to be issued pursuant to a Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2012A and 2018A bonds will share the lien of such additional bonds on the Series 2012A and 2018A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds. The bonds were issued for new construction and renovation and remodeling of educational facilities.

The College had the following bonds payable at June 30, 2021:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
SBE Capital Outlay Bond:			
Series 2014A, Refunding	$ 569,000	3.0 - 5.0	2025
Florida Department of Education Capital Improvement Revenue Bonds:			
Series 2012A	6,135,000	3.0 - 3.625	2032
Series 2018A	3,660,000	5.0	2028
Total	$ 10,364,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	SBE Capital Outlay Bonds and Capital Improvement Revenue Bonds		
	Principal	Interest	Total
2022	$ 1,057,000	$ 408,428	$ 1,465,428
2023	1,099,000	365,078	1,464,078
2024	1,145,000	319,928	1,464,928
2025	1,193,000	272,778	1,465,778
2026	1,080,000	226,588	1,306,588
2027-2031	4,135,000	518,443	4,653,443
2032	655,000	23,742	678,742
Total	$ 10,364,000	$ 2,134,985	$ 12,498,985

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. 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, 2021, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $9,219,022. The current portion of the compensated absences liability, $761,789, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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

General Information about the OPEB Plan

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

Benefits Provided. The OPEB Plan provides healthcare benefits consisting of medical and prescription drug coverage for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Employees Covered by Benefit Terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	51
Inactive Employees Entitled to But Not Yet Receiving Benefits	44
Active Employees	1,223
Total	1,318

Total OPEB Liability

The College's total OPEB liability of $1,391,635 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4 percent
Salary increases	
Regular Employees	3.4 to 7.8 percent, average, including inflation
Senior Employees	4.1 to 8.2 percent, average, including inflation
Discount rate	
Prior Measurement Date	3.50 percent
Measurement Date	2.21 percent
Healthcare cost trend rates	
Pre Medicare	7.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2026
Medicare	5.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2021

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-2018.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018, 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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/20	$ 1,373,378
Changes for the year:	
Service Cost	97,065
Interest	50,514
Changes in Assumptions or Other Inputs	(74,529)
Benefit Payments	(54,793)
Net Changes	18,257
Balance at 6/30/21	$ 1,391,635

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$1,604,539	$1,391,635	$1,225,347

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$1,128,925	$1,391,635	$1,750,202

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

For the fiscal year ended June 30, 2021, the College recognized OPEB expense of $134,180. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 356,694	$ -
Change of assumptions or other inputs	-	452,967
Transactions subsequent to the measurement date	62,208	-
Total	$ 418,902	$ 452,967

Of the total amount reported as deferred outflows of resources related to OPEB, $62,208 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ (13,399)
2023	(13,399)
2024	(13,399)
2025	(13,399)
2026	(13,399)
Thereafter	(29,278)
Total	$ (96,273)

Net Pension Liability. As a participating employer in the 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, 2021, the College's proportionate share of the net pension liabilities totaled $85,701,398. Note 10. includes a complete discussion of defined benefit pension plans.

10. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 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 $15,090,247 for the fiscal year ended June 30, 2021.

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* (SMSC) – 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 60 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:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
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 2020-21 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	10.00
FRS, Senior Management Service	3.00	27.29
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 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 $4,690,025 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a liability of $61,179,571 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined

by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.141157108 percent, which was a decrease of 0.010569641 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $12,834,029. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,341,467	$ -
Change of assumptions	11,075,449	-
Net difference between projected and actual earnings on FRS Plan investments	3,642,690	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	1,397,981	2,554,248
College FRS contributions subsequent to the measurement date	4,690,025	-
Total	$ 23,147,612	$ 2,554,248

The deferred outflows of resources totaling $4,690,025, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 3,337,654
2023	5,362,414
2024	4,553,243
2025	2,439,543
2026	210,485
Total	$ 15,903,339

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 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 2020 valuation was updated from 6.90 percent to 6.80 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 6.80 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 (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
College's proportionate share of the net pension liability	$97,693,493	$61,179,571	$30,682,984

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

Payables to the Pension Plan. At June 30, 2021, the College reported a payable of $461,836 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2021.

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. 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, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 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, 2021, the contribution rate was 1.66 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 $1,157,327 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a net pension liability of $24,521,827 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.200836639 percent, which was a decrease of 0.012513489 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $2,256,218. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,003,091	$ 18,917
Change of assumptions	2,636,795	1,425,849
Net difference between projected and actual earnings on HIS plan investments	19,578	-
College HIS contributions and proportionate share of HIS contributions	1,474,535	1,150,660
College contributions subsequent to the measurement date	1,157,327	-
Total	$ 6,291,326	$ 2,595,426

The deferred outflows of resources totaling $1,157,327, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 826,299
2023	644,261
2024	275,873
2025	394,213
2026	275,991
Thereafter	121,935
Total	$ 2,538,572

Actuarial Assumptions. The total pension liability at July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

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 2.21 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 used in the 2020 valuation was updated from 3.50 percent to 2.21 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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
College's proportionate share of the net pension liability	$28,346,137	$24,521,827	$21,391,640

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, 2021, the College reported a payable of $113,427 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

11. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67

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, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the College.

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

The College's Investment Plan pension expense totaled $1,774,484 for the fiscal year ended June 30, 2021.

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 5.14 percent of the participant's salary to the participant's account, 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover the administrative costs, for a total of 8.59 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 $199,971 and employee contributions totaled $122,898 for the 2020-21 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 9 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 $42,794 and employee contributions totaled $14,125 for the 2020-21 fiscal year.

12. Construction Commitments

The College's construction commitment at June 30, 2021, was as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Loxahatchee Groves Dental/Medical Building Architect-Educational Programming	$ 5,139,390	$ 1,995,613	$ 3,143,777

13. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to $110 million to February 28, 2021, and up to $100 million from March 1, 2021, 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.

14. Litigation

The College is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the College's legal counsel and management, should not materially affect the College's financial position.

15. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 63,685,850
Public Services	500,505
Academic Support	16,957,339
Student Services	23,987,896
Institutional Support	27,358,182
Operation and Maintenance of Plant	12,554,645
Scholarships and Waivers	51,538,861
Depreciation	15,162,740
Auxiliary Enterprises	427,491
Total Operating Expenses	$ 212,173,509

16. Current Unrestricted Funds

The Southern Association of Colleges and Schools, Commission on Colleges, which establishes the accreditation requirements for institutions of higher education, requires a disclosure of the financial position of unrestricted net position, exclusive of plant assets and plant-related debt, which represents the change in unrestricted net position. To meet this requirement, statements of net position and revenues, expenses, and changes in net position for the current unrestricted funds are presented as follows:

Statement of Current Unrestricted Funds Net Position

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	25,127,680
Accounts Receivable, Net		282,847
Due from Governmental Agencies		1,026,430
Due from Component Unit		45,225
Prepaid Expenses		427,345
Deposits		84,744
TOTAL ASSETS		26,994,271
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits		418,902
Pensions		29,438,938
LIABILITIES		
Current Liabilities:		
Accounts Payable		80,047
Salary and Payroll Taxes Payable		306,759
Deposits Held in Custody		187,929
Other Postemployment Benefits Payable		62,208
Compensated Absences Payable		761,789
Net Pension Liability		255,641
Total Current Liabilities		1,654,373
Noncurrent Liabilities:		
Compensated Absences Payable		8,457,233
Other Postemployment Benefits Payable		1,329,427
Net Pension Liability		85,445,758
Other Noncurrent Liabilites		264,101
TOTAL LIABILITIES		97,150,892
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits		452,967
Pensions		5,149,674
TOTAL NET POSITION	$	(45,901,422)

Statement of Current Unrestricted Funds Revenues, Expenses, and Changes in Net Position

REVENUES	
Operating Revenues:	
Student Tuition and Fees, Net of Scholarship Allowances of $27,450,953	$ 23,464,179
Grants and Contracts	2,784,459
Sales and Services of Educational Departments	467,733
Auxiliary Enterprises	855,889
Other Operating Revenues	417,198
Total Operating Revenues	27,989,458
EXPENSES	
Operating Expenses:	
Personnel Services	107,866,471
Scholarships and Waivers	2,361,180
Utilities and Communications	2,565,607
Contractual Services	6,369,842
Other Services and Expenses	6,872,581
Materials and Supplies	8,162,987
Total Operating Expenses	134,198,668
Operating Loss	(106,209,210)
NONOPERATING REVENUES (EXPENSES)	
State Noncapital Appropriations	68,345,286
Gifts and Grants	14,605,797
Investment Income	79,410
Net Loss on Investments	(378,929)
Other Nonoperating Revenues	57,184
Interest on Capital Asset-Related Debt	(440,656)
Other Nonoperating Expenses	(1,016,000)
Net Nonoperating Revenues	81,252,092
Loss Before Other Revenues	(24,957,118)
State Capital Appropriations	163,877
Transfer to/from Other Funds	29,957,014
Decrease in Net Position	5,163,773
Net Position, Beginning of Year	(51,065,195)
Net Position, End of Year	$ (45,901,422)

17. Subsequent Events

On June 22, 2021, the SBE refunded $7.4 million of the SBE capital outlay bonds, Series 2012A. The delivery date was July 22, 2021, and a savings of $829,458 will be recognized in the 2021-22 fiscal year.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2020 (1)	**2019** (2)	**2018** (2)	**2017** (2)
Total OPEB Liability				
Service cost	$ 97,065	$ 79,470	$ 81,121	$ 86,514
Interest	50,514	47,193	42,136	35,019
Difference between expected and actual experience	-	448,506	-	-
Changes of assumptions or other inputs	(74,529)	(393,241)	(41,131)	(76,306)
Benefit Payments	(54,793)	(55,501)	(37,191)	(13,197)
Net change in total OPEB liability	18,257	126,427	44,935	32,030
Total OPEB Liability - beginning	1,373,378	1,246,951	1,202,016	1,169,986
Total OPEB Liability - ending	$ 1,391,635	$ 1,373,378	$ 1,246,951	$ 1,202,016
Covered-Employee Payroll	$ 67,304,889	$ 67,304,889	$ 63,273,633	$ 58,826,331
Total OPEB Liability as a percentage of covered-employee payroll	2.07%	2.04%	1.97%	2.04%

(1) The interest on the service cost is included with the interest on the Total OPEB Liability.
(2) The service cost included interest for the year.

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the FRS net pension liability	0.141157108%	0.151726749%	0.152627780%	0.139873431%
College's proportionate share of the FRS net pension liability	$ 61,179,571	$ 52,252,580	$ 45,972,279	$ 41,373,623
College's covered payroll (2)	$ 78,454,059	$ 81,910,005	$ 78,245,049	$ 69,739,633
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	77.98%	63.79%	58.75%	59.33%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required FRS contribution	$ 4,690,025	$ 5,036,513	$ 5,098,898	$ 4,349,769
FRS contributions in relation to the contractually required contribution	(4,690,025)	(5,036,513)	(5,098,898)	(4,349,769)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 72,670,573	$ 78,454,059	$ 81,910,005	$ 78,245,049
FRS contributions as a percentage of covered payroll	6.45%	6.42%	6.23%	5.56%

(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, 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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.136912322%	0.143178626%	0.140794298%	0.125866346%
$ 34,570,469	$ 18,493,440	$ 8,590,523	$ 21,667,200
$ 64,274,429	$ 63,227,836	$ 61,349,204	$ 59,530,501
53.79%	29.25%	14.00%	36.40%
84.88%	92.00%	96.09%	88.54%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 3,641,250	$ 3,338,825	$ 3,490,816	$ 3,083,993
(3,641,250)	(3,338,825)	(3,490,816)	(3,083,993)
$ -	$ -	$ -	$ -
$ 69,739,633	$ 64,274,429	$ 63,227,836	$ 61,349,204
5.22%	5.19%	5.52%	5.03%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the HIS net pension liability	0.200836639%	0.213350128%	0.212277534%	0.193337985%
College's proportionate share of the HIS net pension liability	$ 24,521,827	$ 23,871,744	$ 22,467,693	$ 20,672,589
College's covered payroll (2)	$ 73,658,488	$ 76,826,509	$ 72,405,681	$ 63,717,054
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	33.29%	31.07%	31.03%	32.44%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required HIS contribution	$ 1,157,327	$ 1,222,731	$ 1,275,320	$ 1,151,186
HIS contributions in relation to the contractually required HIS contribution	(1,157,327)	(1,222,731)	(1,275,320)	(1,151,186)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 68,764,893	$ 73,658,488	$ 76,826,509	$ 72,405,681
HIS contributions as a percentage of covered payroll	1.68%	1.66%	1.66%	1.59%

(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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.189908652%	0.186691279%	0.184935417%	0.182379553%
$ 22,133,067	$ 19,039,574	$ 17,291,913	$ 15,878,538
$ 58,869,058	$ 56,874,553	$ 55,196,402	$ 48,665,148
37.60%	33.48%	31.33%	32.63%
0.97%	0.50%	0.99%	1.78%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 1,023,200	$ 973,403	$ 713,650	$ 633,527
(1,023,200)	(973,403)	(713,650)	(633,527)
$ -	$ -	$ -	$ -
$ 63,717,054	$ 58,869,058	$ 56,874,553	$ 55,196,402
1.61%	1.65%	1.25%	1.15%

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

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

Changes of Assumptions. The municipal bond rate decreased from 3.50 percent to 2.21 percent. The change in the liability resulting from the change in the discount rate is to be recognized in OPEB expense beginning in the current measurement period over a period equal to 7.77 years using the same approach applied to Plan experience.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent and the active member mortality assumption was updated.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
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, the financial statements of the Palm Beach State College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 21, 2021, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
December 21, 2021

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2022-152
March 2022

SANTA FE COLLEGE

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2020-21 fiscal year, Dr. Paul Broadie II served as President of Santa Fe College and the following individuals served as Members of the Board of Trustees:

	County
G.W. “Blake” Fletcher, Chair	Alachua
Michael M. Goldwire, Vice Chair	Bradford
Robert C. Hudson through 11-17-20 [a]	Alachua
Caridad E. Lee	Alachua
G. Thomas Mallini through 1-19-21 [b]	Alachua
Jeffrey L. Oody	Bradford
Lisa M. Prevatt	Bradford
Robert L. Woody	Alachua

[a] Trustee position vacant through 6-30-21.
[b] Trustee position vacant through 6-30-21.

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 Michelle Williams, and the audit was supervised by Denita K. Tyre, 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.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

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State of Florida Auditor General
Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

SANTA FE COLLEGE

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Santa Fe 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 determine whether Santa Fe College and its officers with administrative and stewardship responsibilities for College operations had:

- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also 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.

AUDITOR GENERAL
STATE OF FLORIDA

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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

Report on the Financial Statements

We have audited the accompanying financial statements of Santa Fe College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Santa Fe College and of its discretely presented component unit as of June 30, 2021, 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.

Other Matter

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**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 15, 2022, on our consideration of the Santa Fe 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 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 Santa Fe College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
March 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

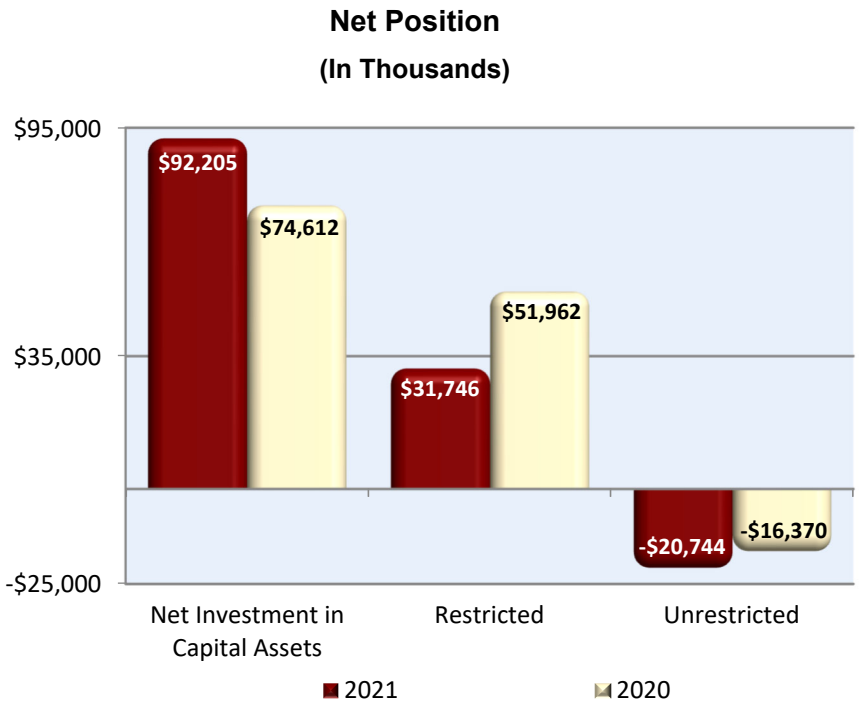
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College and the Florida College System Risk Management Consortium (Consortium) for the fiscal years ended June 30, 2021, and June 30, 2020, and the College's component unit, the Santa Fe College Foundation, Inc., for the fiscal years ended December 31, 2020, and December 31, 2019. To better distinguish the activities of the College and Consortium within the primary government, the financial information relating to the Consortium is separately identified.

FINANCIAL HIGHLIGHTS

The College's assets totaled $169.3 million at June 30, 2021. This balance reflects a $595 thousand, or 0.4 percent, increase as compared to the 2019-20 fiscal year, resulting primarily from a decrease in accounts receivable ($251 thousand); a decrease in the amount due from other governmental agencies ($4.7 million); an increase in capital assets ($16.9 million); a decrease in cash and cash equivalents ($11.6 million); and an increase in investments ($40 thousand). Deferred outflows of resources at June 30, 2021, totaled $17.5 million, an increase of $1.2 million, or a 7.6 percent increase over the prior fiscal year. While assets increased, liabilities also increased by $9.7 million, or 13.6 percent, totaling $80.4 million at June 30, 2021, primarily from increased net pension liabilities ($6.3 million); increased compensated absences payable ($527 thousand); decreased other postemployment benefits payable ($22 thousand); and decreased bonds payable ($730 thousand). Deferred inflows of resources at June 30, 2021, totaled $3.2 million, a decrease of $800 thousand, or a 20 percent decrease over the prior fiscal year. As a result, the College's net position decreased by $7 million, resulting in a year-end balance of $103.2 million.

The College's operating revenues totaled $31.1 million for the 2020-21 fiscal year, representing a 5.3 percent decrease compared to the 2019-20 fiscal year due mainly to a decrease in net student tuition and fees ($1 million), a decrease in sales and services of educational departments ($234 thousand), and a decrease in auxiliary enterprises ($300 thousand). Operating expenses totaled $121.7 million for the 2020-21 fiscal year, representing an increase of 0.8 percent as compared to the 2019-20 fiscal year due mainly to an increase in personnel services ($903 thousand), and contractual services ($6.4 million), and offset with a decrease in scholarship and waivers ($1.4 million), materials and supplies ($4.3 million), depreciation expense ($57 thousand), other services and expenses ($416 thousand), and utilities and communications ($99 thousand).

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, 2021, and June 30, 2020, is shown in the following graph:



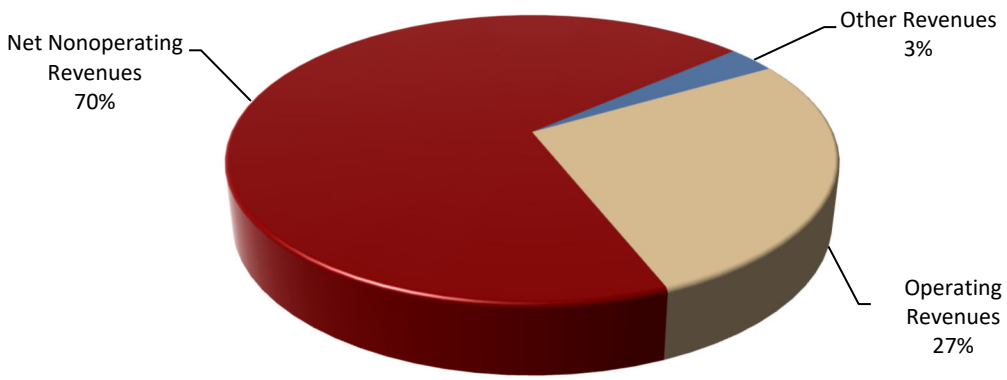
The College's net investment in capital assets represents capital assets, net of accumulated depreciation and outstanding debt principal attributable to the acquisition, construction, or improvement of those assets. The $17.6 million, or 23.6 percent, increase in net investment in capital assets compared to the prior fiscal year was primarily due to the construction of the Blount Center Expansion Project during the 2020-21 fiscal year.

Restricted net position is subject to externally imposed restriction governing their use. The decrease in restricted net position of $20.2 million, or 38.9 percent, was primarily due to the decrease in restricted expendable capital funding for the construction of new facilities as well as the renovation and remodeling of existing structures. Variances from year to year for capital funding are expected based on the methods the State Legislature uses to allocate capital appropriations. Therefore, this portion of the restricted net position will continue to fluctuate each year.

Unrestricted net position is not subject to externally imposed restrictions. The College reports liabilities for accrued leave, postemployment healthcare and life insurance benefits, and the College's proportionate share of the net pension liability for the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) pension plans, totaling $62.3 million; however, State appropriations fund only the portion of accrued leave and postemployment benefits that are paid in the current fiscal year (see the notes to the financial statements for further details).

As more fully described in the Operating Expenses and the Revenues sections which follow, College revenues and other support exceeded expenses in the fiscal year ended June 30, 2021. The following chart provides a graphical presentation of College revenues by category for the 2020-21 fiscal year:

Total Revenues
2020-21 Fiscal Year



Annual State appropriations are classified as nonoperating revenues according to generally accepted accounting principles, although State-appropriated funds are used to support the operations of the College. Net nonoperating revenues included State noncapital appropriations, Federal Pell Grant revenue, State scholarship revenue, revenues received from agreements between local school boards and the College for high school programs, and investment income all of which supported the operating expenses of the College. Operating revenues, comprising 27 percent of total revenues, consisted primarily of student tuition and fees, grants and contracts, sales and services of educational departments, and auxiliary enterprises. Other revenues, comprising of 3 percent of total revenues, consist of State capital appropriations and capital grants, contracts, gifts, and fees designated for capital projects.

The component unit revenues exceeded expenses during the 2020 calendar year, resulting in an increase in net position of $41.8 million, compared to a $9.2 million increase in the prior year. The net position increase during the 2020 calendar year was primarily due to additions to nongovernmental grants and contracts ($40.5 million), and net investment income and gains ($2.3 million).

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, provide information on the College as a whole, present a long-term view of the College's finances, and include the activities of the following entities:

Primary Government

- Santa Fe College (College) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.
- Florida College System Risk Management Consortium (Consortium), a Statewide college system risk management program – Although legally separate, the College is the fiscal administrator for the program and is required to report certain financial activities to the State of Florida. The required financial information reported includes the assets of cash and cash equivalents and

investments, with a corresponding liability representing that the assets are held in custody by the College for the Consortium.

Component Unit

- Santa Fe College Foundation, Inc. (Component Unit) – Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida.

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

One of the most important questions asked about the College's finances is, "Is Santa Fe College, as a whole, better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as Santa Fe College's operating results.

These two statements report Santa Fe College's net position and changes in them. You can think of the College's net position (assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources) as one way to measure the College's current financial health, or financial position. Over time, increases or decreases in the College's net position are one indication of whether its financial health is improving or deteriorating. You need to consider many other nonfinancial factors, such as certain trends, student retention, condition of the buildings, and safety of the campus, to assess the College's overall financial health.

These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account when earned or incurred, regardless of when cash is received or paid.

A condensed statement of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College, Consortium, and its component unit for the respective fiscal years are shown in the following table:

Condensed Statement of Net Position at June 30

(In Thousands)

	Primary Government				Component Unit	
	College		Consortium (1)			
	6-30-21	6-30-20	6-30-21	6-30-20	12-31-20	12-31-19
Assets						
Current Assets	$ 41,563	$ 41,934	$ 82,562	$ 78,743	$ 63,833	$ 22,218
Capital Assets, Net	97,425	80,562	-	-	8,329	8,478
Other Noncurrent Assets	30,270	46,167	18,420	20,229	27,958	27,884
Total Assets	169,258	168,663	100,982	98,972	100,120	58,580
Deferred Outflows of Resources	17,500	16,258	-	-	-	-
Liabilities						
Current Liabilities	14,711	11,158	82,562	78,743	96	76
Noncurrent Liabilities	65,646	59,565	18,420	20,229	304	342
Total Liabilities	80,357	70,723	100,982	98,972	400	418
Deferred Inflows of Resources	3,194	3,994	-	-	436	686
Net Position						
Net Investment in Capital Assets	92,205	74,612	-	-	8,316	8,478
Restricted	31,746	51,962	-	-	49,525	47,447
Unrestricted	(20,744)	(16,370)	-	-	41,443	1,551
Total Net Position	$ 103,207	$ 110,204	$ -	$ -	$ 99,284	$ 57,476
Increase (Decrease) in Net Position	$ (6,997)	-6.3%	$ -		$ 41,808	72.7%

(1) The financial information reported for the Consortium includes the assets of restricted cash and cash equivalents and investments with a corresponding liability representing that the assets are held in custody by the College for the Consortium.

Revenue and expenses of the College and its component unit (the College does not include operating results of the Consortium in its statements) for the respective fiscal years ended are shown in the following table:

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

(In Thousands)

	College		Component Unit	
	6-30-21	6-30-20	12-31-20	12-31-19
Operating Revenues				
Student Tuition and Fees, Net of Scholarship Allowances	$ 25,327	$ 26,368	$ -	$ -
Federal Grants and Contracts	3,632	3,727	-	-
State and Local Grants and Contracts	594	572	-	-
Nongovernmental Grants and Contracts	314	296	40,522	616
Sales and Services of Educational Departments	502	735	-	-
Auxiliary Enterprises	563	863	-	-
Other Operating Revenues	189	294	560	749
Total Operating Revenues	31,121	32,855	41,082	1,365
Less, Operating Expenses	121,706	120,721	1,867	2,331
Operating Income (Loss)	(90,585)	(87,866)	39,215	(966)
Nonoperating Revenues (Expenses)				
State Noncapital Appropriations	45,027	44,883	-	-
Federal and State Grants	29,214	25,857	-	-
Gifts, Grants, and Contracts	7,820	1,900	-	-
Other Nonoperating Revenues (Expenses), Net	(2,067)	3,210	2,257	6,407
Net Nonoperating Revenues	79,994	75,850	2,257	6,407
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(10,591)	(12,016)	41,472	5,441
State Capital Appropriations	366	409	-	-
Endowment Principal Additions	-	-	763	3,756
Capital Grants, Contracts, Gifts, and Fees	3,228	3,070	-	-
Other Revenues (Expenses)	-	-	(427)	20
Net Increase (Decrease) In Net Position	(6,997)	(8,537)	41,808	9,217
Net Position, Beginning of Year	110,204	118,741	57,476	48,259
Net Position, End of Year	$ 103,207	$ 110,204	$ 99,284	$ 57,476

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. Certain revenue sources that the College relies on to provide funding for operations, including State appropriations, certain grants, and investment income, are defined by GASB as nonoperating. College net revenues increased by $2.5 million, or 2.3 percent, as compared to the prior fiscal year as a result of the following factors:

Operating Revenues:

- Net student tuition and fee revenue decreased by $1 million, or 3.9 percent, as a result of a decrease in enrollment offset by a decrease in the scholarship allowance.

- Auxiliary enterprise revenue decreased by $300 thousand, or 34.7 percent, as a result of the College's shutdown of on-campus operations due to the COVID-19 pandemic.

Nonoperating and Other Revenues and Grants:

- State noncapital appropriations increased by $144 thousand, or 0.3 percent, primarily due to increased funding in the Florida College System Program Fund.
- Federal and State student financial aid increased by $3.4 million, or 13 percent, due primarily to increases in HEERF and State program scholarship funds.
- Other gifts, grants, and contracts increased by $5.9 million, or 312 percent, as a result of an increase in HEERF funds and other gifts.
- Investment income decreased by $5 million, or 142 percent, principally due to a decrease in investment activity and the realization of losses on investments.
- State capital appropriations decreased by $43 thousand, or 10.5 percent. This was due to decreased Public Education Capital Outlay funding from the prior fiscal year.
- Capital grants, contracts, gifts, and fees increased by $158 thousand, or 5.1 percent, primarily due to an increase in the donation of noncash items.

Component unit net revenues increased by $32.1 million, or 278 percent, as compared to the prior fiscal year as a result of the following factors:

- Operating revenues increased $39.7 million, or 291 percent, primarily from increased cash contributions from one donor.
- Other nonoperating revenues decreased by $4.2 million, or 64.8 percent, mainly from unrealized gains on securities and real estate investments.
- Endowment principal additions decreased $3 million, or 79.7 percent, as a result of a decrease in amounts designated by donors to be placed in permanent endowments.

Expenses

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

The following summarizes operating expenses by natural classification for the College (none are reported for the Consortium) and its component unit for the respective fiscal years ended:

Operating Expenses
For the Fiscal Years Ended

(In Thousands)

	College		Component Unit	
	6-30-21	6-30-20	12-31-20	12-31-19
Personnel Services	$ 72,456	$ 71,553	$ -	$ -
Scholarships and Waivers	16,283	17,665	846	983
Utilities and Communications	2,227	2,326	-	-
Contractual Services	12,178	5,817	-	-
Other Services and Expenses	5,119	5,535	748	983
Materials and Supplies	8,565	12,890	-	-
Depreciation	4,878	4,935	273	365
Total Operating Expenses	$ 121,706	$ 120,721	$ 1,867	$ 2,331

College total operating expenses increased by $1 million, or 0.8 percent, as compared to the prior fiscal year as a result of the following factors:

- The College implemented part of the salary equity study that was performed for full-time and part-time personnel, as well as provided a one-time payment of $500. These increases were in addition to the recording of a net increase of pension and accrued leave liabilities. As a result, personnel services only increased by $903 thousand, or 1.3 percent, from the prior fiscal year.
- Scholarships and waivers provided to students decreased by $1.4 million, or 7.8 percent, primarily due to a decrease in enrollment. Scholarship expenses, similar to tuition and fee revenue, are also shown net of scholarship allowances (amounts received from other than students and third-party payers).
- Utilities and communications decreased by $99 thousand, or 4.3 percent, primarily due to the closure of campus due to the COVID-19 pandemic, which resulted in a decrease in electricity and gas expenses.
- Contractual services increased by $6.4 million, or 109 percent, primarily due to an increase in contractual services in response to the COVID-19 pandemic.
- Other services and expenses decreased by $416 thousand, or 7.5 percent, primarily due to a decrease in the use of services related to the COVID-19 pandemic.
- Materials and supplies decreased by $4.3 million, or 33.6 percent, which is attributable primarily to the reduction of on-campus operations due to the COVID-19 pandemic.
- Depreciation expense decreased by $57 thousand, or 1.2 percent, as a result of several buildings and equipment reaching full amortization.

Total operating expenses for the component unit decreased $464 thousand, or 19.9 percent, primarily due to the decrease in academic program support expenses and decreases in scholarships and waivers.

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 and Consortium's cash flows for the 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	College		Consortium	
	2020-21	**2019-20**	**2020-21**	**2019-20**
Cash Provided (Used) by:				
Operating Activities	$ (79,911)	$ (77,104)	$ 2,009	$ 15,785
Noncapital Financing Activities	82,087	72,646	-	-
Capital and Related Financing Activities	(12,280)	1,867	-	-
Investing Activities	(1,447)	3,215	(126)	(950)
Net Increase (Decrease) in Cash and Cash Equivalents	(11,551)	624	1,883	14,835
Cash and Cash Equivalents, Beginning of Year	64,484	63,860	78,233	63,398
Cash and Cash Equivalents, End of Year	$ 52,933	$ 64,484	$ 80,116	$ 78,233

The College's cash and cash equivalents increased during the 2020-21 fiscal year. The following discussion amplifies the overview of cash flows:

- Cash outflows for operating activities increased $2.8 million as compared to the prior fiscal year. The primary components of this change were decreases in cash inflows from student tuition and fees ($1.1 million) and auxiliary enterprises ($268 thousand), decreases in payments for scholarships ($1.4 million) and utilities and communications ($99 thousand), as well as increases in cash outflows for salaries and benefits payments ($1.6 million) and payments to suppliers ($1.5 million); offset by an increase in other receipts ($1.9 million).
- The primary sources of cash inflows in noncapital financing activities are State noncapital appropriations ($45 million) and Federal and State student financial aid ($29.2 million). Cash inflows from noncapital financing increased $9.4 million as compared to the prior fiscal year, predominately due to increases in State noncapital appropriations ($144 thousand); in Federal and State student financial aid ($3.4 million); and gifts, grants, and contracts ($5.9 million).
- The primary sources of cash inflows of capital and related financing activities are State capital appropriations ($6.9 million) and capital grants and gifts ($3.2 million). Net cash used for capital and related financing activities increased $14.1 million as compared to the prior fiscal year, primarily due to an increase in purchases of capital assets ($18.6 million).
- Cash inflows for investing activities of the College decreased by $4.7 million primarily due to a decrease in investment activity.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the College had $227.5 million in capital assets, less accumulated depreciation of $130.1 million, for net capital assets of $97.4 million. Depreciation charges for the current fiscal year

totaled $4.9 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30, 2021:

Capital Assets, Net at June 30: College

(In Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 7,104	$ -	$ -	$ 7,104
Artwork and Artifacts	18	-	-	18
Buildings	149,183	-	297	148,886
Other Structures and Improvements	36,365	1,129	-	37,494
Furniture, Machinery, and Equipment	11,027	834	212	11,649
Construction in Progress	2,259	21,202	1,129	22,332
Total	205,956	23,165	1,638	227,483
Less, Accumulated Depreciation:				
Buildings	83,414	3,248	14	86,648
Other Structures and Improvements	32,552	786	-	33,338
Furniture, Machinery, and Equipment	9,428	844	200	10,072
Total Accumulated Depreciation	125,394	4,878	214	130,058
Capital Assets, Net	$ 80,562	$ 18,287	$ 1,424	$ 97,425

The component unit had $15 million in capital assets, less accumulated depreciation of $6.7 million, for net capital assets of $8.3 million. Depreciation charges for the current fiscal year totaled $273 thousand. Details of the component unit's capital assets activity for the fiscal year ended December 31, 2020, are shown in the following table:

Capital Assets, Net at December 31: Component Unit

(In Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 2,606	$ -	$ -	$ 2,606
Art Collection	675	16	-	691
Equipment	4	-	-	4
Buildings and Improvements	10,647	108	-	10,755
Film Costs (Depreciable)	1,005	-	-	1,005
Total	14,937	124	-	15,061
Less, Accumulated Depreciation	6,459	273	-	6,732
Capital Assets, Net	$ 8,478	$ (149)	$ -	$ 8,329

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

Debt Administration

As of June 30, 2021, the College had $5.2 million in outstanding capital improvement bonds payable versus $5.9 million at the end of the prior fiscal year, representing a decrease of $730 thousand, or 12.3 percent, from the prior fiscal year. Proceeds from bonds were used to construct and renovate College facilities.

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

Economic Factors That Will Affect the Future

The College's economic condition is closely tied to that of the State of Florida. Because of negative enrollment growth linked to the COVID-19 pandemic and increased demand for State resources, the prospect of increased State funding is unknown in the 2021-22 fiscal year. The College's current financial and capital plans indicate that there are adequate financial resources to maintain its present level of services in the short term. The College expects to revise its budgets based upon student tuition and State resources available to fund operations in the next fiscal year.

On-going efforts to develop new revenue sources and contain costs continue to serve the College well in its commitment to the growth of educational programs, improved student access, and overall excellence in service to its students and communities. The conservative budgetary stance taken by the College provides a framework for a focused response in support of our educational mission and provides financial stability in the face of limited economic growth and increased demand for State resources.

The component unit's reliance on charitable giving is also affected by the general state of the economy as well as by the health of the stock market and prospective donors' perception of the benefiting organization. Toward this latter factor, the College has historically enjoyed a very positive reputation in the communities it serves. While economic factors do affect charitable giving in general, the Foundation has a history of very steady growth regardless of changes in these factors.

Requests for Information

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Administrative Affairs/CFO, Santa Fe College, 3000 Northwest 83rd Street, Gainesville, Florida 32606.

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SANTA FE COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2021

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 23,339,913	$ 53,491
Restricted Cash and Cash Equivalents	5,779,599	1,607,925
Investments	2,695,538	29,751,765
Restricted Investments	-	32,316,546
Accounts Receivable, Net	741,698	102,945
Due from Other Governmental Agencies	8,478,282	-
Due from Component Unit	41,156	-
Inventories	87,819	-
Prepaid Expenses	399,003	-
Risk Management Consortium:		
Restricted Cash and Cash Equivalents	80,115,341	-
Restricted Investments	2,446,817	-
Total Current Assets	124,125,166	63,832,672
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	23,814,280	-
Investments	6,456,035	11,583,772
Restricted Investments	-	4,548,010
Endowment Investments	-	11,826,195
Depreciable Capital Assets, Net	67,970,175	5,028,312
Nondepreciable Capital Assets	29,455,186	3,301,134
Risk Management Consortium:		
Restricted Deposit	2,680,283	-
Restricted Investments	15,739,240	-
Total Noncurrent Assets	146,115,199	36,287,423
TOTAL ASSETS	270,240,365	100,120,095
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	413,128	-
Pensions	17,086,428	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,499,556	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	4,800,216	43,451
Salary and Payroll Taxes Payable	4,813,808	-
Retainage Payable	732,551	-
Due to Other Governmental Agencies	175,135	-
Unearned Revenue	1,192,560	-
Annuity Trust Obligations	-	52,709
Deposits Held for Others	1,117,092	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	770,000	-
Compensated Absences Payable	871,217	-
Other Postemployment Benefits Payable	101,820	-
Net Pension Liability	136,778	-
Risk Management Consortium:		
Deposits Held for Others	82,562,158	-
Total Current Liabilities	97,273,335	96,160

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	4,450,000	-
Compensated Absences Payable	9,635,628	-
Other Postemployment Benefits Payable	1,618,753	-
Net Pension Liability	49,941,722	-
Other Noncurrent Liability	-	303,748
Risk Management Consortium:		
Deposits Held for Others	18,419,523	-
Total Noncurrent Liabilities	84,065,626	303,748
TOTAL LIABILITIES	181,338,961	399,908
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	98,712	-
Pensions	3,094,925	-
Deferred Amounts Related to Irrevocable		
Split-Interest Agreements	-	435,866
TOTAL DEFERRED INFLOWS OF RESOURCES	3,193,637	435,866
NET POSITION		
Net Investment in Capital Assets	92,205,362	8,316,047
Restricted:		
Nonexpendable:		
Endowment	-	35,295,245
Expendable:		
Grants	1,822,618	-
Loans	568,023	-
Scholarships	161,099	4,107,515
Capital Projects	29,193,754	-
Other	-	10,121,976
Unrestricted	(20,743,533)	41,443,538
TOTAL NET POSITION	$ 103,207,323	$ 99,284,321

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

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SANTA FE 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, 2021

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $7,853,820	$ 25,327,301	$ -
Federal Grants and Contracts	3,632,190	-
State and Local Grants and Contracts	593,667	-
Nongovernmental Grants and Contracts	314,459	40,521,894
Sales and Services of Educational Departments	501,525	-
Auxiliary Enterprises	562,957	-
Other Operating Revenues	188,790	560,064
Total Operating Revenues	31,120,889	41,081,958
EXPENSES		
Operating Expenses:		
Personnel Services	72,455,730	-
Scholarships and Waivers	16,283,718	845,758
Utilities and Communications	2,226,663	-
Contractual Services	12,177,860	-
Other Services and Expenses	5,119,371	747,802
Materials and Supplies	8,564,850	-
Depreciation	4,878,058	273,173
Total Operating Expenses	121,706,250	1,866,733
Operating Income (Loss)	(90,585,361)	39,215,225
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	45,027,440	-
Federal and State Student Financial Aid	29,214,268	-
Gifts, Grants, and Contracts	7,820,019	-
Investment Income (Loss)	(1,488,632)	2,256,783
Loss on Disposal of Capital Assets	(280,945)	-
Other Nonoperating Expenses	(297,500)	-
Net Nonoperating Revenues	79,994,650	2,256,783
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(10,590,711)	41,472,008
State Capital Appropriations	366,000	-
Capital Grants, Contracts, Gifts, and Fees	3,228,240	-
Endowment Principal Additions	-	763,407
Other Expenses	-	(426,649)
Total Other Revenues, Expenses, Gains, or Losses	3,594,240	336,758
Increase (Decrease) in Net Position	(6,996,471)	41,808,766
Net Position, Beginning of Year	110,203,794	57,475,555
Net Position, End of Year	$ 103,207,323	$ 99,284,321

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

SANTA FE COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 25,166,180
Grants and Contracts	2,781,742
Payments to Suppliers	(25,757,990)
Payments for Utilities and Communications	(2,226,663)
Payments to Employees	(52,682,689)
Payments for Employee Benefits	(14,864,395)
Payments for Scholarships	(16,283,718)
Auxiliary Enterprises	594,890
Sales and Services of Educational Departments	501,525
Other Receipts	2,859,133
Risk Management Consortium:	
Other Receipts	2,009,251
Net Cash Used by Operating Activities	(77,902,734)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	45,027,440
Federal and State Student Financial Aid	29,214,268
Federal Direct Loan Program Receipts	12,175,758
Federal Direct Loan Program Disbursements	(12,149,933)
Gifts, Grants, and Contracts	7,820,019
Net Cash Provided by Noncapital Financing Activities	82,087,552
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	6,892,860
Capital Grants and Gifts	3,229,028
Purchases of Capital Assets	(21,374,882)
Principal Paid on Capital Debt and Leases	(730,000)
Interest Paid on Capital Debt and Leases	(297,500)
Net Cash Used by Capital and Related Financing Activities	(12,280,494)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	2,486,145
Purchases of Investments	(5,136,105)
Investment Income	1,203,402
Risk Management Consortium:	
Proceeds from Sales and Maturities of Investments	6,825,515
Purchases of Investments	(6,951,836)
Net Cash Used by Investing Activities	(1,572,879)
Net Decrease in Cash and Cash Equivalents	(9,668,555)
Cash and Cash Equivalents, Beginning of Year	142,717,688
Cash and Cash Equivalents, End of Year	$ 133,049,133

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (90,585,361)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	4,878,058
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	168,753
Due from Other Govermental Agencies	(1,875,157)
Due from Component Unit	(32,247)
Inventories	13,136
Deposits Receivable	90,956
Prepaid Expenses	(245,646)
Accounts Payable	3,298,702
Salary and Payroll Taxes Payable	111,374
Due to Other Governmental Agencies	148,423
Unearned Revenue	(152,541)
Deposits Held for Others	(527,706)
Compensated Absences Payable	526,799
Other Postemployment Benefits Payable	(22,271)
Net Pension Liability	6,334,106
Deferred Outflows of Resources Related to Other Postemployment Benefits	33,595
Deferred Inflows of Resources Related to Other Postemployment Benefits	45,861
Deferred Outflows of Resources Related to Pensions	(1,274,941)
Deferred Inflows of Resources Related to Pensions	(845,878)
Risk Management Consortium:	
Restricted Deposit	6
Deposits Held for Others	2,009,245
NET CASH USED BY OPERATING ACTIVITIES	$ (77,902,734)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized losses on investments were recognized as a reduction to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (2,609,913)
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but the entire amount is not a cash transaction for the statement of cash flows.	$ (280,945)

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 Santa Fe 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 eight 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 Alachua and Bradford Counties.

Reported within the College's financial statements are certain assets and liabilities of the Florida College System Risk Management Consortium (Consortium). The College is the fiscal agent for the Consortium, which is the administrator of an Employee Benefit Plan and a Property and Casualty Plan for participating Florida colleges. As fiscal agent, the College is responsible for receiving, disbursing, and administering all moneys due to or payable from the Consortium and for personnel functions (hiring, records maintenance, etc.) of the Consortium. The financial information reported for the Consortium includes restricted cash and cash equivalents, restricted deposits, and restricted investments with a corresponding liability representing that the assets are held in custody by the College for the Consortium. Annual audits of the Consortium employee benefit plans and property and casualty plan for the fiscal years ended December 31, 2020, and February 28, 2021, respectively, were conducted by independent certified public accountants and are available at the College.

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

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

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the

Vice President for Advancement, Santa Fe College, 3000 NW 83rd Street, Gainesville, Florida 32606. 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, 2020.

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. GASB allows public colleges various reporting options. The College has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

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

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

The College's component unit uses the economic resources measurement focus and 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, 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. The College identifies within its accounting system amounts paid for tuition and fees from grants, loans, or others providing financial aid sources. The total amount of these payments is deducted from student 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. The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, and cash invested with the State Treasury Special Purpose Investment Account (SPIA) and the State Board of Administration (SBA) Florida PRIME investment pools. For reporting cash flows, the College and Consortium consider 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 and Consortium consider 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 Federal depository insurance, 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, 2021, the College and Consortium reported as cash equivalents at fair value $47,904,988 and $67,904,115, respectively, 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 2.6 years and fair value factor of 0.984 at June 30, 2021. 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, 2021, the College and Consortium reported as cash equivalents $2,106,479 and $11,312, respectively, in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The 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 50 days as of June 30, 2021. 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, 2021, 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 and artifacts, construction in progress, buildings, other structures and improvements, and furniture, machinery, and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of $5,000 for tangible personal property and $25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

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

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

Capital Assets – Component Unit. Property and equipment acquisitions of the College's component unit are recorded at cost, if purchased. Contributed property and equipment are recorded at estimated value, as determined by the donor or the component unit, at the date of receipt. Capitalized assets have a useful life greater than 1 year and an original cost of $500 or greater. Buildings and equipment are depreciated using the straight-line method, based on a 40-year useful life for buildings, 5 to 7 years' useful life for equipment, and 10 years for film production costs.

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, compensated absences payable, other postemployment benefits payable (OPEB), 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. Deficit Net Position in Individual Funds

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

Fund	Net Position
Current Funds - Unrestricted	$ (28,412,113)
Auxiliary Funds	7,668,580
Total	$ (20,743,533)

3. Restricted Deposits

The Consortium has restricted deposits of $2,680,283 held by third-party administrators for workers' compensation insurance claims, pursuant to collateral agreements. Although the Consortium is required to reimburse the administrators for claims paid, the administrators are authorized to use the collateral to pay any and all of the Consortium's obligations owed under the agreements.

4. Investments

College and Consortium

The College's Board of Trustees and the Consortium have adopted written investment policies providing that surplus funds of the College and the Consortium 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.

The general investment policy of both the College and the Consortium is to apply the prudent person rule: investments are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment. In addition to the investments allowed by Section 218.415(6), Florida Statutes, the investment policies of the College and the Consortium authorize investments in repurchase agreements, corporate notes, and money market instruments. The Consortium also includes asset-backed securities as an authorized investment.

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

All of the College's and the Consortium's recurring fair value measurements as of June 30, 2021, are valued using a matrix pricing model (Level 2 inputs), with the exception of United States Treasury Notes which are valued using quoted market prices (Level 1 inputs).

The College's and the Consortium's investments at June 30, 2021, are reported as follows:

Investments by fair value level - College	Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)
United States Treasury Notes	$ 2,530,507	$ 2,530,507	$ -
Obligations of United States Government and Government-Sponsored Enterprises	3,934,354	-	3,934,354
Federal Agency Collateralized Mortgage Obligations	1,068,924	-	1,068,924
Mortgage-Backed Pass-Throughs	639,369	-	639,369
Money Market Mutual Funds	978,419	-	978,419
Total investments by fair value level - College	$ 9,151,573	$ 2,530,507	$ 6,621,066
Investments by fair value level - Consortium			
United States Treasury Notes	4,570,318	4,570,318	-
Obligations of United States Government and Government-Sponsored Enterprises	3,290,337	-	3,290,337
Corporate Notes	4,388,284	-	4,388,284
Federal Agency Collateralized Mortgage Obligations	952,355	-	952,355
Foreign Notes	2,474,267	-	2,474,267
Asset-Backed Securities	748,633	-	748,633
Mortgage-Backed Pass-Throughs	892,341	-	892,341
Money Market Mutual Funds	869,522	-	869,522
Total investments by fair value level - Consortium	18,186,057	4,570,318	13,615,739
Total investments measured at fair value	$ 27,337,630	$ 7,100,825	$ 20,236,805

Other Investments. The College and the Consortium invested in various debt and equity securities and money mutual funds. The following risks apply to College and Consortium investments:

Interest Rate Risk: Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. The investment policy of the College limits the maximum average duration of the investment portfolio to no greater than 120 percent of the target benchmarks' average duration. The College's benchmark is the Merrill Lynch 1-3 Year U.S. Treasury Index. The investment policy of the Consortium limits the maximum effective duration of the aggregate portfolio to 3 years. The performance benchmark for the Consortium is the Merrill Lynch 1-5 Year U.S. Treasury Index.

At June 30, 2021, the Merrill Lynch 1-3 and 1-5 Year U.S. Treasury Indexes' effective durations were 1.83 and 2.59 years, respectively. The effective duration of the College's and the Consortium's portfolios at June 30, 2021, were 1.51 and 2.40 years, respectively. Recognizing that market volatility is a function of duration, the investment policies of the College and the Consortium state that the portfolios are to be maintained as short- to intermediary-term duration portfolios. The maximum duration of floating rate and individual securities from date of purchase is 5 years for the College and 5.5 years for the Consortium. At June 30, 2021, the College and Consortium's longest individual security effective duration was 3.19 years and 4.82 years, respectively. Furthermore, the College's investment policy is designed to limit principal fluctuation so that no more than 20 percent of the portfolio has an effective duration greater than

3 years. An additional objective of the College is to provide sufficient liquidity and stability of principal so that no less than 10 percent of the portfolio has an effective duration of 1 year or less.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policies of the College provide for the following regarding credit risk:

- Repurchase agreements must be fully collateralized at 102 percent by United States Treasuries.
- Money market instruments including, but not limited to, commercial paper, time deposits, and banker's acceptances, at the time of purchase must, at a minimum, be rated "A1/P1" or the equivalent by Standard & Poor's and/or Moody's and all other nationally recognized credit rating organizations.
- Corporate bonds and notes must have at least an "AAA" rating by at least two of the following three credit rating organizations: Standard & Poor's, Moody's, or Fitch.
- Money market funds must be registered with the SEC with the highest credit quality rating from a nationally recognized rating company.
- A total quality rating of 8 or higher for the College must be maintained using the following scale:
    - United States Government Fully Guaranteed 10
    - Government-Sponsored Enterprises 9
    - "AAA" – Rated Securities 8
    - "AA" – Rated Securities 7
    - "A" – Rated Securities 6

As of June 30, 2021, using the above scale, the College's total quality rating was 9.17.

The investment policies of the Consortium provide the following regarding credit risk:

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity
U.S. Treasury		100%		
Government National Mortgage Association (GNMA)		40%		
Other U.S. Government Guaranteed; (e.g., Agency for International Development, Government Trust Certificates)	100%	10%	N/A	5.50 Years (5.50 Years avg. life[2] for GNMA)
Federal Agency/Government Sponsored Enterprise (GSE): Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal Farm Credit Banks		40%[3]		
Federal Agency/GSE other than those above	75%	10%	N/A	5.50 Years
Supranationals where U.S. is a shareholder and voting member		10%		5.50 Years
Supranationals other than those above	25%	5%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years
Foreign Sovereign Governments (Organization for Economic Cooperation and Development countries only) and Canadian Provinces	10%	5%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years
Foreign Sovereign Agencies (OECD countries only)	10%	5%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years
Corporates	50%[4]	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1, BBB/Baa or equivalent)	5.50 Years
Municipals	25%	5%	Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent)	5.50 Years
Agency Mortgage-Backed Securities (MBS)	25%	40%[3]	N/A	5.50 Years Avg. Life[2]
Asset-Backed Securities (ABS)	25%	5%	Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent)	5.50 Years Avg. Life[2]
Non-Negotiable Collateralized Bank Deposits or Savings Accounts	50%	None, if fully collateralized	None, if fully collateralized.	2 Years
Commercial Paper	50%[4]	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days
Bankers' Acceptances	10%[4]	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	180 Days
Repurchase Agreements	40%	20%	Counterparty (or if the counterparty is not rated by a Nationally Recognized Statistical Rating Organization (NRSRO), then the counterparty's parent) must be rated in the Highest ST Rating Category (A-1/P-1, or equivalent). If the counterparty is a Federal Reserve Bank, no rating is required	1 Year
Money Market Funds	50%	25%	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A
Fixed-Income Mutual Funds & Exchange-Traded Funds	20%	10%	N/A	N/A

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity
Intergovernmental Pools	50%	25%	Highest Fund Quality and Volatility Rating Categories by NRSROs who rate the fund (AAAm/AAAf, S1, or equivalent)	N/A

(1) Rating by at least one SEC-registered NRSRO, unless otherwise noted. ST=Short-term; LT=Long-term.
(2) The maturity limit for MBS and ABS is based on the expected average life at time of purchase, measured using Bloomberg or other industry standard methods.
(3) Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency ABS, is 40 percent.
(4) Maximum allocation to all corporate and bank credit instruments is 50 percent combined.

At June 30, 2021, the investments of the College and the Consortium in obligations of the United States Government and Government-sponsored enterprises, Federal agency collateralized mortgage obligations, corporate notes, mortgage-backed pass-throughs, foreign notes, asset-backed securities, and money market funds were rated by Standard & Poor's as follows:

Investment Type	Fair Value	Credit Quality Rating
College		
United States Treasury Notes	$ 2,530,507	N/A
Mortgage-Backed Pass-Throughs	$ 639,369	AA+
Federal Agency Collateralized Mortgage Obligations	$ 1,068,924	N/A
Obligations of United States Government and Government-Sponsored Enterprises	$ 3,934,354	AA+
Money Market Mutual Funds	$ 978,419	AAAm
Consortium		
United States Treasury Notes	$ 4,570,318	N/A
Mortgage-Backed Pass-Throughs	$ 892,341	AA+
Federal Agency Collateralized Mortgage Obligations	$ 952,355	NR to AAA
Obligations of United States Government and Government-Sponsored Enterprises	$ 3,290,337	AA+
Corporate Notes	$ 4,388,284	A- to BBB+
Foreign Notes	$ 2,474,267	A- to BBB+
Asset-Backed Securities	$ 748,633	NR to AAA
Money Market Mutual Funds	$ 869,522	AAAm

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments purchased on behalf of the College pursuant to Section 218.415, Florida Statutes, must be properly earmarked and: (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the College's interest in the security; (2) if in a book entry form, the investment must be held for the credit of the College by a depository chartered by the Federal Government, the State, or any other State or territory of the United States that has a branch or principal place of business in the State, or by a national

association organized and existing under the laws of the United States that is authorized to accept and execute trusts and is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution, or (3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. Investment policies of the College and the Consortium require that all securities purchased be properly designated as an asset of the College or the Consortium and held in safekeeping by a third-party custodial bank or other third-party custodial institution. The College's and the Consortium's investments are held by a safekeeping agent in the name of the College or the Consortium.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the College's investment in a single issuer. The investment policies of the College and the Consortium provide that a maximum of 5 percent of the portfolio's individual corporate exposure may be invested in securities of a single issuer. The maximum corporate exposure at June 30, 2021, was as follows:

- College: 0.00%
- Consortium: 1.92%

Component Unit Investments.

Mutual Funds, Certificates of Deposit, and Corporate Common Stocks are valued based on prices quoted in the active markets and are categorized as Level 1 in the fair value hierarchy. Corporate Preferred Stocks, Corporate Bonds, U.S. Federal Agency Bonds, and Municipal Bonds are valued using quoted prices for similar securities in active markets and are categorized as Level 2 in the fair value hierarchy. Real estate is valued using the capitalization rate to determine fair value and is categorized as Level 3 in the fair value hierarchy.

Investments held by the Foundation at December 31, 2020, were reported at fair value as follows:

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Mutual Funds	$ 330,357	$ 330,357	$ -	$ -
Certificates of Deposit	991,065	991,065	-	-
Corporate Common Stocks	17,628,041	17,628,041	-	-
Corporate Preferred Stocks	3,396,107	-	3,396,107	-
Corporate Bonds	21,737,303	-	21,737,303	-
U.S. Federal Agency Bonds	39,999,837	-	39,999,837	-
Municipal Bonds	468,870	-	468,870	-
Limited Partnerships	218,034	-	-	218,034
Real Estate	5,256,674	-	-	5,256,674
Total Component Unit Investments	$ 90,026,288	$ 18,949,463	$ 65,602,117	$ 5,474,708

There was $1,746,622 in unrealized appreciation in the fair value of investments during the year ended December 31, 2020. The carrying value of investments at December 31, 2020, includes all material

changes in fair value, including both realized and unrealized gains and losses that occurred both during the current year and previous years.

The Foundation invested in various debt and equity securities. To smooth distributions from the aggregate portfolio, the Foundation uses the moving average method of determining year-to-year spending. This policy provides for a more consistent and predictable spending for programs, and it allows the Foundation to design an investment strategy that is more consistent with a higher expected average return over time. The following risks apply to the Foundation's investments:

Interest Rate Risk: The Foundation's investment policy does not limit debt obligation maturities. However, the Foundation manages its exposure to fair value losses arising from increasing interest rates through the segmented-time distribution method. The durations for the Foundation investments as of December 31, 2020, are as follows:

Maturities in Years	% of Total Assets	Total
Less than 1 Year	50.62%	$ 42,912,243
1 to 2	2.39%	2,023,271
3 to 5	7.25%	6,147,563
6 to 10	9.51%	8,063,890
11 to 15	3.10%	2,632,001
16 to 20	0.66%	556,914
21 Plus	3.87%	3,279,464
None	22.60%	24,410,942
Total	100.00%	$ 90,026,288

Credit Risk: The Foundation's investment policy limits investments to investment grade securities (BBB or higher) issued by banks, corporations, or the Federal Government. Those securities listed at below investment grade have been downgraded subsequent to purchase. In each case, the Foundation's Board of Directors, through the Finance Committee, has determined that the downgraded security has a reasonable expectation of recovery and has elected to maintain its position. The policy provides the 20 percent of the total investment in securities may be made in preferred corporate securities. Obligations of United States Government agencies and instrumentalities, certificates of deposit, and domestic equities do not require disclosure of credit quality. The credit ratings, by nationally recognized rating agencies (e.g., Moody's Investors Service) of the portfolio held by the Foundation at December 31, 2020, was as follows:

Rating	% of Total Assets	Fair Value
Aaa/AAA	0.74%	$ 663,519
Aa/AA	2.85%	2,566,375
A/A	10.90%	9,811,875
Baa/BBB	11.33%	10,202,707
Below Investment Grade	1.78%	1,600,010
Total Rated	27.60%	24,844,486
Government Backed	44.45%	40,025,044
Corporate Stocks	20.35%	18,318,571
Mutual Funds	0.37%	330,357
Corporate Bonds	0.06%	53,291
Preferred Stock	0.23%	206,800
Certificates of Deposit	1.10%	991,065
Real Estate	5.84%	5,256,674
Total Non-Rated	72.40%	65,181,802
Total Investments	100.00%	$ 90,026,288

Custodial Credit Risk: The Foundation has no formal policy on custodial credit risk. However, all investments are insured, registered, or held in the Foundation's name by a custodial bank as an agent for the Foundation.

Concentration of Credit Risk: Composition of the Foundation's investment portfolio is limited by its investment policy, which restricts investment in any one issue to no more than 5 percent of the value of the portfolio. At December 31, 2020, no single issues represented more than 2 percent of the total portfolio value.

5. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, Title IV Federal grant and State Bright Futures program repayments due from students; agency billings; investment income; and commissions and rent due from vendors under contract for food, vending, and bookstore operations. The receivables for students total $420,818 and are reported net of a $276,394 allowance for uncollectible student accounts. Other receivables are considered to be fully collectible.

6. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of $5,376,045 of Public Education Capital Outlay allocations due from the State for construction of College facilities and $2,706,074 of Federal grant allocations due from the Federal Government primarily for the following grants:

- Adult and Family Literacy – U.S. Department of Education
- SF2UF: A New Bridges Baccalaureate Program – U.S. Department of Health and Human Services
- Louis Stokes Regional Center of Excellence – National Science Foundation
- Workforce Development – U.S. Department of Education

- Upward Bound (TRIO) – U.S. Department of Education
- Talent Search (TRIO) – U.S. Department of Education
- Perkins – U.S. Department of Education
- Innovative Product Development Center – U.S. Department of Commerce
- Title III Part A – U.S. Department of Education
- Student Support Services (TRIO) – U.S. Department of Education
- Coral Research – National Science Foundation
- Higher Education Emergency Relief Fund (HEERF) – U.S. Department of Education

7. Due From Component Unit

The $41,156 reported as due from component unit includes the remaining amount owed to the College by the Foundation for contributed and matching funds. The College's financial statements are reported for the fiscal year ended June 30, 2021. The College's component unit's financial statements are reported for the calendar year ended December 31, 2020, and there is no amount reported as due to the College by the Foundation.

8. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 7,104,300	$ -	$ -	$ 7,104,300
Artwork and Artifacts	18,000	-	-	18,000
Construction in Progress	2,260,274	21,201,412	1,128,800	22,332,886
Total Nondepreciable Capital Assets	$ 9,382,574	$ 21,201,412	$ 1,128,800	$ 29,455,186
Depreciable Capital Assets:				
Buildings	$ 149,182,423	$ -	$ 296,019	$ 148,886,404
Other Structures and Improvements	36,364,974	1,128,800	-	37,493,774
Furniture, Machinery, and Equipment	11,025,761	834,010	211,424	11,648,347
Total Depreciable Capital Assets	196,573,158	1,962,810	507,443	198,028,525
Less, Accumulated Depreciation:				
Buildings	83,414,166	3,248,280	13,662	86,648,784
Other Structures and Improvements	32,552,586	784,993	-	33,337,579
Furniture, Machinery, and Equipment	9,427,301	844,785	200,099	10,071,987
Total Accumulated Depreciation	125,394,053	4,878,058	213,761	130,058,350
Total Depreciable Capital Assets, Net	$ 71,179,105	$ (2,915,248)	$ 293,682	$ 67,970,175

Capital assets activity of the College's component unit for the fiscal year ended December 31, 2020, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 2,605,303	$ -	$ -	$ 2,605,303
Art Collection	675,349	16,107	-	691,456
Equipment	4,375	-	-	4,375
Total Nondepreciable Capital Assets	$ 3,285,027	$ 16,107	$ -	$ 3,301,134
Depreciable Capital Assets:				
Buildings and Improvements	$ 10,647,648	$ 108,257	$ -	10,755,905
Film Costs	1,004,645	-	-	1,004,645
Total Depreciable Capital Assets	11,652,293	108,257	-	11,760,550
Less, Accumulated Depreciation:				
Buildings and Improvements	5,497,073	268,908	-	5,765,981
Film Costs	961,992	4,265	-	966,257
Total Accumulated Depreciation	6,459,065	273,173	-	6,732,238
Total Depreciable Capital Assets, Net	$ 5,193,228	$ (164,916)	$ -	$ 5,028,312

9. Unearned Revenue

Unearned revenue at June 30, 2021, includes student tuition and fees, and grant and contract revenue received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2021, the College reported the following amounts as unearned revenue:

Description	Amount
Student Tuition and Fees	$ 1,186,148
Grant and Contract Revenue	6,412
Total Unearned Revenue	$ 1,192,560

10. Long–Term Liabilities

Long-term liabilities activity of the College for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 5,950,000	$ -	$ 730,000	$ 5,220,000	$ 770,000
Compensated Absences Payable	9,980,046	1,307,927	781,128	10,506,845	871,217
Other Postemployment Benefits Payable	1,742,844	130,480	152,751	1,720,573	101,820
Net Pension Liability	43,744,394	24,514,634	18,180,528	50,078,500	136,778
Total Long-Term Liabilities	$ 61,417,284	$ 25,953,041	$ 19,844,407	$ 67,525,918	$ 1,879,815

Bonds Payable. The SBA, Division of Bond Finance issues Capital Improvement Revenue Bonds on behalf of the College. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution;

Sections 215.57 through 215.86 and Section 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2018A participating colleges on a parity with any additional bonds issued subsequent to the Series 2018A bonds. The Series 2018A bonds were issued for the purpose of refunding the outstanding Series 2006A bonds. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2018A bonds will share the lien of such additional bonds on the Series 2018A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds.

The College had the following bonds payable at June 30, 2021:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To
Florida Department of Education Capital Improvement Revenue Bonds:			
Series 2018A	$ 5,220,000	5.00	2027

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Capital Improvement Revenue Bonds		
	Principal	Interest	Total
2022	$ 770,000	$ 261,000	$ 1,031,000
2023	805,000	222,500	1,027,500
2024	845,000	182,250	1,027,250
2025	890,000	140,000	1,030,000
2026	935,000	95,500	1,030,500
2027	975,000	48,750	1,023,750
Total	$ 5,220,000	$ 950,000	$ 6,170,000

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. 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, 2021, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $10,506,845. The current portion of the compensated absences liability, $871,217, is the amount expected to be paid in the coming fiscal year based upon the College's prior experience.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for OPEB administered by the Consortium.

General Information about the OPEB Plan

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the Consortium that provides OPEB for all employees who satisfy the College's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's healthcare and life insurance coverage. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. Neither the College nor the Consortium issue a stand- alone annual report for the OPEB Plan and the OPEB Plan is not included in the annual report of a public employee retirement system or another entity. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. In addition to the implicit subsidy described above, the OPEB Plan also provides all retirees with $5,000 of life insurance benefits.

Employees Covered by Benefit Terms. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	51
Inactive Employees Entitled to But Not Yet Receiving Benefits	55
Active Employees	665
Total	771

Total OPEB Liability

The College's total OPEB liability of $1,720,573 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
Real Wage Growth	0.85 percent
Wage Inflation	3.25 percent
Salary Increases, Including Inflation	
Regular Employees	3.40 – 7.80 percent
Senior Management	4.10 – 8.20 percent
Special Risk	4.80 – 7.40 percent
Discount Rate	
Prior Measurement Date	3.50 percent
Measurement Date	2.21 percent
Healthcare Cost Trend Rates	
Pre-Medicare	7.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent for 2026
Medicare	5.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2021

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-2018.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal and salary increases used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018, 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, 2019, valuation were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/20	$ 1,742,844
Changes for the year:	
Service Cost	68,684
Interest	61,796
Changes in Assumptions or Other Inputs	(60,098)
Benefit Payments	(92,653)
Net Changes	(22,271)
Balance at 6/30/21	$ 1,720,573

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020 due to a change in the Municipal Bond Rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$1,917,611	$1,720,573	$1,557,731

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$1,485,154	$1,720,573	$2,022,272

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

For the fiscal year ended June 30, 2021, the College recognized OPEB expense of $159,005. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 239,128	$ -
Change of assumptions or other inputs	72,180	98,712
Transactions subsequent to the measurement date	101,820	-
Total	$ 413,128	$ 98,712

Of the total amount reported as deferred outflows of resources related to OPEB, $101,820 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 ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 28,525
2023	28,525
2024	28,525
2025	28,525
2026	29,537
Thereafter	68,959
Total	$ 212,596

Net Pension Liability. As a participating employer in the 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, 2021, the College's proportionate share of the net pension liabilities totaled $50,078,500. Note 11. includes a complete discussion of defined benefit pension plans.

11. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

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

The College's FRS and HIS pension expense totaled $8,438,848 for the fiscal year ended June 30, 2021.

FRS Pension Plan

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after

30 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 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 60 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:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
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
Special Risk Class	3.00

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 2020-21 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	10.00
FRS, Senior Management Service	3.00	27.29
FRS, Special Risk	3.00	24.45
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The College's contributions to the Plan totaled $3,574,183 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a liability of $36,958,311 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.085272392 percent, which was a decrease of 0.005223224 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $7,409,033. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,414,471	$ -
Change of assumptions	6,690,630	-
Net difference between projected and actual earnings on FRS Plan investments	2,200,533	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	304,454	1,710,189
College FRS contributions subsequent to the measurement date	3,574,183	-
Total	$ 14,184,271	$ 1,710,189

The deferred outflows of resources totaling $3,574,183, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 1,718,987
2023	3,023,556
2024	2,594,865
2025	1,414,084
2026	148,407
Total	$ 8,899,899

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 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 2020 valuation was updated from 6.90 percent to 6.80 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 6.80 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 (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
College's proportionate share of the net pension liability	$59,016,212	$36,958,311	$18,535,457

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. 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, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 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, 2021, the contribution rate was 1.66 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 $650,526 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a net pension liability of $13,120,189 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.107455888 percent, which was a decrease of 0.004966711 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $1,029,815. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 536,695	$ 10,121
Change of assumptions	1,410,794	762,888
Net difference between projected and actual earnings on HIS Plan investments	10,475	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	293,667	611,727
College contributions subsequent to the measurement date	650,526	-
Total	$ 2,902,157	$ 1,384,736

The deferred outflows of resources totaling $650,526, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 269,575
2023	204,904
2024	46,109
2025	124,238
2026	131,093
Thereafter	90,976
Total	$ 866,895

Actuarial Assumptions. The total pension liability at July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

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 2.21 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 used in the 2020 valuation was updated from 3.50 percent to 2.21 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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
College's proportionate share of the net pension liability	$15,166,353	$13,120,189	$11,445,410

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

12. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within

the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, 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 $430,384 for the fiscal year ended June 30, 2021.

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 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan for a total of 8.59 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 $479,174 and employee contributions totaled $166,188 for the 2020-21 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 9.65 percent and employees contribute 3 percent of the employee's salary to the Local Annuity Program. The participants 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. These contributions are invested in the companies selected by the employee to create a fund for the purchase of annuities at retirement.

The College's contributions to the Local Annuity Program totaled $107,691 and employee contributions totaled $16,070 for the 2020-21 fiscal year.

13. Construction Commitments

The College's capitalized and noncapitalized construction commitments at June 30, 2021, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Capitalized:			
Blount Center Expansion Project:			
Architect and Engineer	$ 2,440,931	$ 2,197,761	$ 243,170
Construction Manager	23,248,832	15,235,897	8,012,935
General Contractor	6,829,352	4,802,822	2,026,530
Institute of Technology & Manufacturing:			
Architect	44,955	39,955	5,000
R Annex Security Improvements:			
Construction Manager	83,597	56,451	27,146
Total Capitalized Projects	32,647,667	22,332,886	10,314,781
Noncapitalized:			
Blount Center Data Center:			
Architect	53,884	44,400	9,484
Construction Manager	651,090	77,365	573,725
General Contractor	9,911	-	9,911
Classroom Renovation W Bldg:			
Architect	22,896	19,900	2,996
Construction Manager	216,822	21,178	195,644
General Contractor	217,367	-	217,367
Roof Buildings I and J:			
Construction Manager	573,610	565,149	8,461
Replacement-Lab Counters Rooms X107, X108, X112:			
General Contractor	51,329	-	51,329
Project Manager/Business Analyst:			
General Contractor	288,000	22,609	265,391
Projects Committed for less than $25,000	62,851	22,338	40,513
Total Noncapitalized Projects	2,147,760	772,939	1,374,821
Total Construction Contract Commitments	$ 34,795,427	$ 23,105,825	$ 11,689,602

14. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium

(Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to $110 million to February 28, 2021, and up to $100 million from March 1, 2021, 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.

15. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 39,137,591
Public Services	1,335,234
Academic Support	9,927,765
Student Services	19,784,672
Institutional Support	16,486,009
Operation and Maintenance of Plant	13,764,425
Scholarships and Waivers	16,308,341
Depreciation	4,878,058
Auxiliary Enterprises	84,155
Total Operating Expenses	$ 121,706,250

16. Current Unrestricted Funds

The Southern Association of Colleges and Schools, Commission on Colleges, which establishes the accreditation requirements for institutions of higher education, requires a disclosure of the financial position of unrestricted net position, exclusive of plant assets and plant-related debt, which represents the change in unrestricted net position. To meet this requirement, statements of net position and revenues, expenses, and changes in net position for the current unrestricted funds are presented as follows:

Statement of Current Unrestricted Funds Net Position

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 22,784,204
Investments	2,695,538
Accounts Receivable, Net	716,676
Due from Other Government Agencies	102,373
Inventories	87,819
Prepaid Expenses	86,357
Total Current Assets	26,472,967
Noncurrent Assets:	
Investments	6,456,035
TOTAL ASSETS	32,929,002
DEFERRED OUTFLOWS OF RESOURCES	
Other Postemployment Benefits	413,128
Pensions	17,086,428
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,499,556
LIABILITIES	
Current Liabilities:	
Accounts Payable	858,803
Salary and Payroll Taxes Payable	4,635,562
Unearned Revenue	444,357
Total Current Liabilities	5,938,722
Noncurrent Liabilities:	
Compensated Absences Payable	10,240,659
Other Postemployment Benefits Payable	1,720,573
Net Pension Liability	50,078,500
TOTAL LIABILITIES	67,978,454
DEFERRED INFLOWS OF RESOURCES	
Other Postemployment Benefits	98,712
Pensions	3,094,925
TOTAL DEFERRED INFLOWS OF RESOURCES	3,193,637
TOTAL NET POSITION	$ (20,743,533)

Statement of Current Unrestricted Funds Revenues, Expenses, and Changes in Net Position

REVENUES	
Operating Revenues:	
Student Tuition and Fees	$ 29,287,220
State and Local Grants and Contracts	90,472
Sales and Services of Educational Departments	466,985
Auxiliary Enterprises	562,957
Other Operating Revenues	182,254
Total Operating Revenues	30,589,888
EXPENSES	
Operating Expenses:	
Salary and Benefits	68,112,054
Utilities and Communications	2,226,537
Contractual Services	4,074,886
Other Services and Expenses	4,128,501
Materials and Supplies	5,226,665
Total Operating Expenses	83,768,643
Operating Loss	(53,178,755)
NONOPERATING REVENUES (EXPENSES)	
State Noncapital Appropriations	45,027,440
Investment Loss	(1,500,681)
Other Nonoperating Revenues	5,258,764
Net Nonoperating Revenues	48,785,523
Loss Before Other Revenues,	(4,393,232)
Capital Appropriations and Grants	19,953
Decrease in Net Position	(4,373,279)
Net Position, Beginning of Year	(16,370,254)
Net Position, End of Year	$ (20,743,533)

Note: Student tuition and fees revenues are reported net of scholarship allowances on the statement of revenues, expenses, and changes in net position; however, scholarship allowances are not reflected in the student tuition and fees revenues for the purpose of this disclosure.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	$ 68,684	$ 57,196	$ 57,766	$ 60,275
Interest	61,796	49,658	46,008	39,569
Difference between expected and actual experience	-	304,822	-	-
Changes of assumptions or other inputs	(60,098)	92,010	(26,089)	(49,523)
Benefit Payments	(92,653)	(87,150)	(86,730)	(58,672)
Net change in total OPEB liability	(22,271)	416,536	(9,045)	(8,351)
Total OPEB Liability - beginning	1,742,844	1,326,308	1,335,353	1,343,704
Total OPEB Liability - ending	$ 1,720,573	$ 1,742,844	$ 1,326,308	$ 1,335,353
Covered-Employee Payroll	$ 40,153,282	$ 34,029,848	$ 39,408,617	$ 35,628,898
Total OPEB Liability as a percentage of covered-employee payroll	4.29%	5.12%	3.37%	3.75%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the FRS net pension liability	0.085272392%	0.090495616%	0.092938136%	0.089724126%
College's proportionate share of the FRS net pension liability	$ 36,958,311	$ 31,165,430	$ 27,993,448	$ 26,539,794
College's covered payroll (2)	$ 43,261,786	$ 43,409,857	$ 42,375,205	$ 40,303,975
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	85.43%	71.79%	66.06%	65.85%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required FRS contribution	$ 3,574,183	2,862,181	$ 2,827,584	$ 2,658,400
FRS contributions in relation to the contractually required contribution	(3,574,183)	(2,862,181)	(2,827,584)	(2,658,400)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 44,634,289	$ 43,261,786	$ 43,409,857	$ 42,375,205
FRS contributions as a percentage of covered payroll	8.01%	6.62%	6.51%	6.27%

(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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.090106028%	0.097138630%	0.100886047%	0.090124341%
$ 22,751,843	$ 12,546,757	$ 6,155,532	$ 15,514,410
$ 39,431,384	$ 39,279,143	$ 38,694,964	$ 37,553,181
57.70%	31.94%	15.91%	41.31%
84.88%	92.00%	96.09%	88.54%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 2,342,304	$ 2,208,964	$ 2,368,322	$ 2,209,833
(2,342,304)	(2,208,964)	(2,368,322)	(2,209,833)
$ -	$ -	$ -	$ -
$ 40,303,975	$ 39,431,384	$ 39,279,143	$ 38,694,964
5.81%	5.60%	6.03%	5.71%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the HIS net pension liability	0.107455888%	0.112422599%	0.113592820%	0.109528125%
College's proportionate share of the HIS net pension liability	$ 13,120,189	$ 12,578,964	$ 12,022,792	$ 11,711,251
College's covered payroll (2)	$ 37,616,793	$ 37,462,007	$ 36,204,661	$ 34,251,575
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	34.88%	33.58%	33.21%	34.19%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required HIS contribution	$ 650,526	$ 619,815	$ 625,061	$ 616,339
HIS contributions in relation to the contractually required HIS contribution	(650,526)	(619,815)	(625,061)	(616,339)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 39,094,705	$ 37,616,793	$ 37,462,007	$ 36,204,661
HIS contributions as a percentage of covered payroll	1.66%	1.65%	1.67%	1.70%

(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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.108350909%	0.109549292%	0.111742332%	0.110935455%
$ 12,627,849	$ 11,172,304	$ 10,448,180	$ 9,658,390
$ 33,453,417	$ 33,322,876	$ 33,203,064	$ 32,202,548
37.75%	33.53%	31.47%	29.99%
0.97%	0.50%	0.99%	1.78%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 578,858	$ 555,564	$ 418,766	$ 382,792
(578,858)	(555,564)	(418,766)	(382,792)
$ -	$ -	$ -	$ -
$ 34,251,575	$ 33,453,417	$ 33,322,876	$ 33,203,064
1.69%	1.66%	1.26%	1.15%

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

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

Changes of Assumptions. The long term expected rate of return, using the Municipal Bond Rate decreased from 3.50 percent at the prior measurement date to 2.21 percent at the current measurement date, and the active member mortality assumption was updated.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, and the active mortality assumption was updated.

AUDITOR GENERAL
STATE OF FLORIDA

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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, the financial statements of the Santa Fe College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, 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 15, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 may exist that have not been identified.

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 15, 2022

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2022-129
February 2022

SEMINOLE STATE COLLEGE OF FLORIDA

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2020-21 fiscal year, Dr. Georgia Lorenz served as President of Seminole State College of Florida and the following individuals served as Members of the Board of Trustees:

Amy L. Lockhart, Chair from 1-25-21, [a]
Vice Chair through 1-24-21
Bob Cortes, Vice Chair from 1-25-21
Scott D. Howat, Chair through 12-22-20 [a]
Dr. Tina Calderone through 6-7-21 [b]
Daniel O'Keefe from 12-23-20

[a] Chair position vacant from 12-23-20, through 1-24-21.

[b] Trustee position vacant from 6-8-21, through 6-30-21.

Note: One Trustee position was vacant for the entire fiscal year.

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 Vincent Coppola, 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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State of Florida Auditor General

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SEMINOLE STATE COLLEGE OF FLORIDA

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Seminole State College of Florida (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 determine whether Seminole State College of Florida and its officers with administrative and stewardship responsibilities for College operations had:

- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also 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.

AUDITOR GENERAL
STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Seminole State College of Florida, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Seminole State College of Florida and of its discretely presented component unit as of June 30, 2021, 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.

Other Matter

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**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2022, on our consideration of the Seminole State College of Florida'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 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 Seminole State College of Florida's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
February 21, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

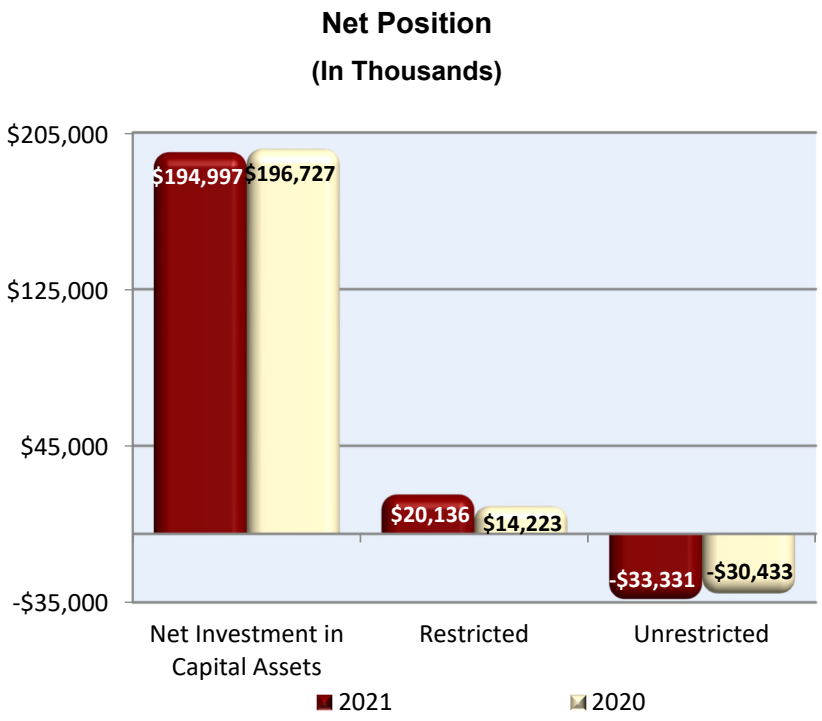
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2021, and June 30, 2020.

FINANCIAL HIGHLIGHTS

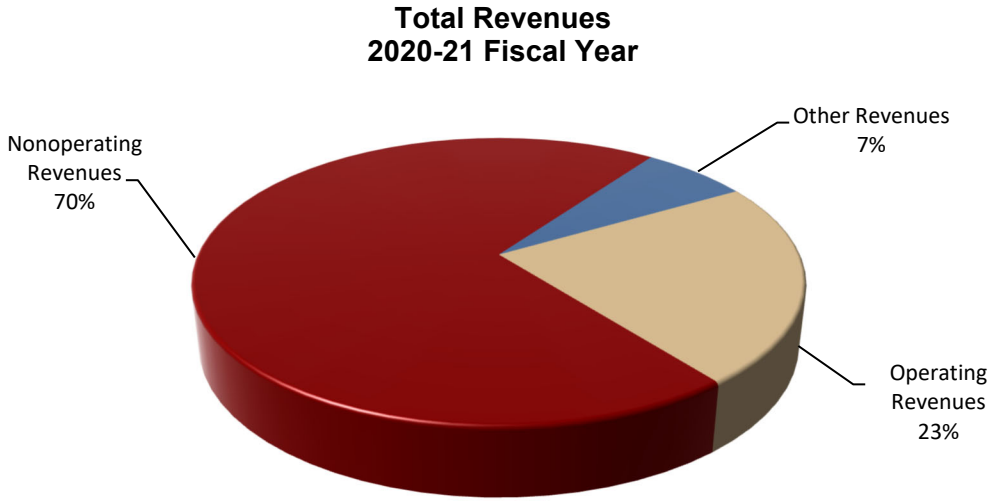
The College's assets and deferred outflows of resources totaled $260.5 million at June 30, 2021. This balance reflects a $7.2 million, or 2.8 percent, increase as compared to $253.3 million at June 30, 2020. This increase is primarily the result of increases in amounts due from other governmental agencies of $7.1 million due to the timing of draws of Higher Education Emergency Relief Fund (HEERF) grants from the Federal Government. Liabilities and deferred inflows of resources increased $5.9 million, or 8.1 percent, totaling $78.7 million at June 30, 2021, as compared to $72.8 million at June 30, 2020. This change is primarily the result of an increase in net pension liability of $8.5 million and partially offset by a decrease in deferred inflows of resources related to pensions of $1.8 million. As a result, the College's net position increased by $1.3 million, resulting in a year-end balance of $181.8 million.

The College's operating revenues totaled $29 million for the 2020-21 fiscal year, representing a 4.5 percent decrease compared to the 2019-20 fiscal year due to lower enrollments as a result of the pandemic. Operating expenses totaled $126.7 million for the 2020-21 fiscal year, representing an increase of 2.1 percent as compared to the 2019-20 fiscal year, due mainly to increases in expenses for materials and supplies and an increase in scholarships and waivers, both related to the pandemic.

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, 2021, and June 30, 2020, is shown in the following graph:



The following chart provides a graphical presentation of College revenues by category for the 2020-21 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 unit, the Foundation for Seminole State College of Florida, Inc. (Foundation). Based on the application of the criteria for

determining component units, the Foundation is included within the College reporting entity as a discretely presented component unit.

In February 2019, articles of incorporation were filed to establish a tax exempt 501(c)(3) corporation to be organized and operated as a direct-support organization called the Seminole State College of Florida Housing Corporation. The corporation shall provide residential housing services and other services ancillary to residential housing to students of Seminole State College of Florida. As of June 30, 2021, no financial transactions have been conducted by this entity.

This MD&A focuses on the College, excluding the discretely presented component unit. MD&A information is included in its separately issued audit report.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2021	2020
Assets		
Current Assets	$ 25,211	$ 23,163
Capital Assets, Net	199,748	200,678
Other Noncurrent Assets	16,939	12,770
Total Assets	241,898	236,611
Deferred Outflows of Resources	18,635	16,735
Liabilities		
Current Liabilities	8,133	9,758
Noncurrent Liabilities	68,007	58,651
Total Liabilities	76,140	68,409
Deferred Inflows of Resources	2,591	4,420
Net Position		
Net Investment in Capital Assets	194,997	196,727
Restricted	20,136	14,223
Unrestricted	(33,331)	(30,433)
Total Net Position	$ 181,802	$ 180,517

Total assets increased by $5.3 million from the prior fiscal year primarily due to an increase in other noncurrent assets of $4.2 million and an increase in current assets of $2 million. More specifically, in other noncurrent assets the restricted cash and cash equivalents increased by $4.2 million due to an increase in the amount of funds available in the plant fund for construction projects. The increase in current assets is the result of an increase in amounts due from other governmental agencies of $7.1 million, primarily related to the timing of draws on HEERF grants from the Federal Government. This increase is partially offset by a decrease of $2.8 million in accounts receivable, net, due to lower enrollments and the use of HEERF funds to extinguish student debt related to charges incurred during the pandemic.

Total liabilities increased $7.7 million from the prior fiscal year primarily due to an increase in net pension liability of $8.5 million.

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

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

The following summarizes the College's activity for the 2020-21 and 2019-20 fiscal years:

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

(In Thousands)

	2020-21	2019-20
Operating Revenues	$ 29,035	$ 30,388
Less, Operating Expenses	126,664	124,060
Operating Loss	(97,629)	(93,672)
Net Nonoperating Revenues	90,317	79,432
Loss Before Other Revenues	(7,312)	(14,240)
Other Revenues	8,597	4,017
Net Increase (Decrease) In Net Position	1,285	(10,223)
Net Position, Beginning of Year	180,517	190,740
Net Position, End of Year	$ 181,802	$ 180,517

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 2020-21 and 2019-20 fiscal years:

Operating Revenues
For the Fiscal Years

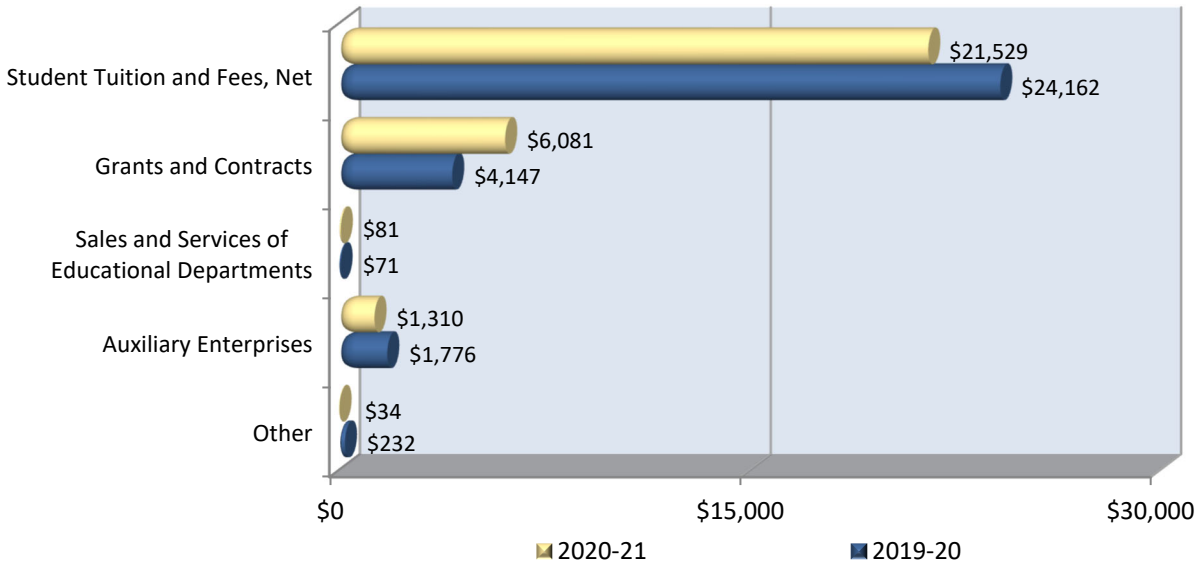
(In Thousands)

	2020-21	2019-20
Student Tuition and Fees, Net	$ 21,529	$ 24,162
Grants and Contracts	6,081	4,147
Sales and Services of Educational Departments	81	71
Auxiliary Enterprises	1,310	1,776
Other	34	232
Total Operating Revenues	$ 29,035	$ 30,388

The following chart presents the College's operating revenues for the 2020-21 and 2019-20 fiscal years:

Operating Revenues

(In Thousands)



Total operating revenues decreased by $1.4 million compared to the prior fiscal year as a result of decreases in enrollments during the pandemic, partially offset by an increase in grants and contracts.

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 2020-21 and 2019-20 fiscal years:

Operating Expenses
For the Fiscal Years

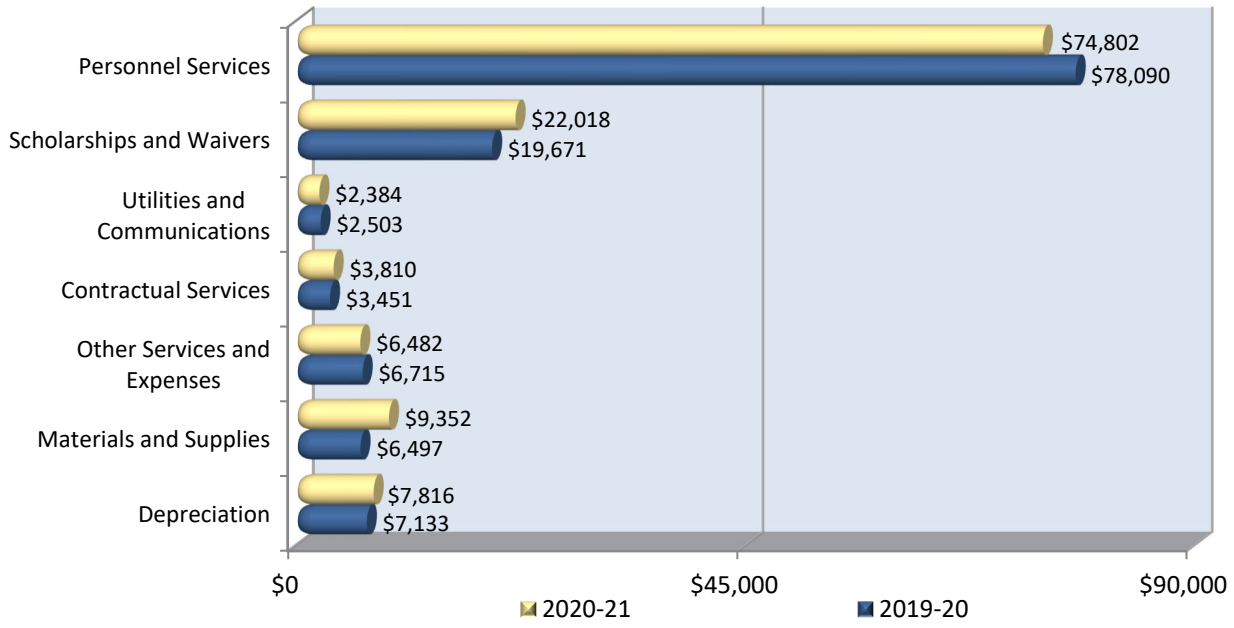
(In Thousands)

	2020-21	2019-20
Personnel Services	$ 74,802	$ 78,090
Scholarships and Waivers	22,018	19,671
Utilities and Communications	2,384	2,503
Contractual Services	3,810	3,451
Other Services and Expenses	6,482	6,715
Materials and Supplies	9,352	6,497
Depreciation	7,816	7,133
Total Operating Expenses	$ 126,664	$124,060

The following chart presents the College's operating expenses for the 2020-21 and 2019-20 fiscal years:

Operating Expenses

(In Thousands)



College operating expenses increased by $2.6 million due primarily to increases in expenses for materials and supplies and an increase in scholarships and waivers. The increase in materials and supplies expense included non-capitalizable repairs, software purchases and the purchase of supplies related to the pandemic. These increases were partially offset by a decrease in personnel services, also related to the pandemic.

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 2020-21 and 2019-20 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Noncapital Appropriations	$ 47,042	$ 46,198
Federal and State Student Financial Aid	32,077	30,529
Gifts and Grants	11,301	1,325
Investment Income (Loss)	(125)	476
Net Gain on Investments	-	93
Other Nonoperating Revenues	142	1,002
Gain on Disposal of Capital Assets	56	-
Interest on Capital Asset-Related Debt	(176)	(191)
Net Nonoperating Revenues	$ 90,317	$ 79,432

Net nonoperating revenues and expenses increased by $10.9 million, or 13.7 percent. This increase is primarily the result of an increase in gifts and grants reflecting HEERF grants to provide economic relief from the pandemic.

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 2020-21 and 2019-20 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Capital Appropriations	$ 4,961	$ 535
Capital Grants, Contracts, Gifts, and Fees	3,636	3,482
Total	$ 8,597	$ 4,017

The increase in other revenues of $4.6 million, or 114 percent, is the result of an increase in State capital appropriations for construction projects. The College received $4.5 million in Public Education Capital Outlay (PECO) funds for various projects.

The Statement of Cash Flows

The statement of cash flows provides information about the College's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the College's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the College. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of

cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes the College's cash flows for the 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
Cash Provided (Used) by:		
Operating Activities	$(89,340)	$(78,199)
Noncapital Financing Activities	90,286	79,205
Capital and Related Financing Activities	1,022	550
Investing Activities	(122)	605
Net Increase in Cash and Cash Equivalents	1,846	2,161
Cash and Cash Equivalents, Beginning of Year	28,242	26,081
Cash and Cash Equivalents, End of Year	$ 30,088	$ 28,242

Major sources of funds came from State noncapital appropriations ($47 million), Federal and State student financial aid ($31.8 million), net student tuition and fees ($22.1 million), Federal Direct Student Loan program receipts ($15.1 million), and gifts and grants received for other than capital or endowment purposes ($11.3 million). Major uses of funds were for payments to employees and for employee benefits ($69.6 million), payments for scholarships ($22 million), payments to providers of goods and services ($19.4 million), disbursements to students for the Federal Direct Student Loans ($15.1 million), and purchases of capital assets ($5.4 million).

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

- Operating activities used $11.1 million more in cash compared to the prior fiscal year. The use of cash is due in part to the timing of the draws of HEERF grants to reimburse the College for lost revenue in the amount of $4.9 million. The funds were drawn in July 2021. Payments to suppliers increased by $3.1 million for non-capitalizable repairs, software purchases and purchases of supplies and equipment related to the pandemic. Payments for scholarships increased $2.3 million due primarily to student grants funded from the HEERF grants.
- Noncapital financing cash flows increased by $11.1 million primarily due to a $10 million increase in gifts and grants received for other than capital or endowment purposes provided by funding from the HEERF grants.
- Net cash flows from capital and related financing activities increased by $0.5 million because of lower cash outflows for purchases of capital assets by $0.4 million, related to construction projects and offset by a decrease in State capital appropriations of $1 million.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the College had $314.1 million in capital assets, less accumulated depreciation of $114.3 million, for net capital assets of $199.7 million. Depreciation charges for the current fiscal year

totaled $7.8 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)

	2021	2020
Land	$ 32,346	$ 32,526
Construction in Progress	41	3,924
Buildings	162,480	160,005
Other Structures and Improvements	372	823
Furniture, Machinery, and Equipment	1,472	1,448
Assets Under Capital Leases	2,547	1,379
Leasehold Improvements	490	573
Capital Assets, Net	$199,748	$200,678

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, 2021, were incurred on the renovation of the H building for the new Wellness Center and repairs to roofs and envelopes of the S and W buildings on the Sanford/Lake Mary Campus. The College had no major construction commitments at June 30, 2021.

Debt Administration

As of June 30, 2021, the College's long-term debt consisted of $2.2 million in outstanding bonds payable and $2.6 million in capital leases payable. Bonds payable had a decrease of $0.4 million, or 13.9 percent, from the prior fiscal year while capital leases increased $1.2 million, or 81.8 percent. 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)

	2021	2020
Bonds Payable	$ 2,188	$ 2,540
Capital Lease Payable	2,563	1,410
Total	$ 4,751	$ 3,950

The State Board of Education issues capital outlay bonds on behalf of the College. During the 2020-21 fiscal year, there were no bond sales and debt repayments totaled $0.4 million.

The College also entered into capital leases totaling $1.8 million for upgrades of the core network and Wi-Fi infrastructure and installation of security cameras. Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of uncertain economic growth due to the coronavirus pandemic and evolving variants and increased competition for State resources, only a modest increase in State funding is anticipated in the 2021-22 fiscal year.

Despite increasing economic pressures, such as a very competitive labor market and supply chain inflation, College Administration did not recommend an increase in student tuition and statutory local fees to the District Board of Trustees. Due to the financial uncertainty in adjustments to State operating appropriations, the College's current and projected financial and capital plans indicate that the infusion of additional financial resources from Board designated reserves above the 5 percent statutory level and an increase in tuition rates could be necessary to offer new and expand existing programs while continuing to deliver high quality degrees, certificates, and industry credentials that are needed in our community.

In the 2021-22 fiscal year the College expects to maintain enrollment as students seek to enhance job skills, credentials, and degrees due to the COVID-19 pandemic. Also, the College plans to offer additional programs to attract new students and increase retention of students currently enrolled. Therefore, the College anticipates flat full-time equivalent enrollment in the 2021-22 fiscal year.

The College did not receive any PECO Sum-of-the-Digits State appropriations for the critical repair, deferred maintenance, and site improvements on its campus buildings, and infrastructure for the 2021-22 fiscal year. The College received $0.5 million in PECO State appropriations to complete renovation and roof replacement projects at the Sanford/Lake Mary Campus.

In case of mid-year State operating appropriation reductions and reduced student enrollment, the College has adequate Board designated reserves coupled with budgetary reduction plans, if needed, to enable the College to navigate pandemic related economic issues and continue its educational mission. Additionally, the College was awarded $51.7 million in Federal Coronavirus Response and Relief Supplemental Appropriations Act (HEERF II) and American Rescue Plan (HEERF III) funds which will continue to assist students in the form of emergency grant aid and also assist in replacing lost revenue, enhancing online learning and student support initiatives, certain technology needs, and address campus health and safety protocols as a result of the coronavirus pandemic so that all campuses can reopen safely for students and staff.

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, Business Operations/Chief Financial Officer, Seminole State College of Florida, 100 Weldon Boulevard, Sanford, Florida 32773.

SEMINOLE STATE COLLEGE OF FLORIDA
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2021

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 11,500,325	$ 457,611
Restricted Cash and Cash Equivalents	1,666,127	2,525,966
Accounts Receivable, Net	3,517,601	1,001,099
Due from Other Governmental Agencies	7,878,194	-
Due from Component Unit	302,997	-
Prepaid Expenses	331,365	-
Deposits	14,394	-
Total Current Assets	25,211,003	3,984,676
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	16,921,845	-
Investments	-	2,424,366
Restricted Investments	10,359	25,409,629
Prepaid Expenses	6,477	-
Depreciable Capital Assets, Net	167,361,216	-
Nondepreciable Capital Assets	32,387,107	1,472,171
Capital Assets Held for Sale	-	3,100,000
Other Assets	-	842,920
Total Noncurrent Assets	216,687,004	33,249,086
TOTAL ASSETS	241,898,007	37,233,762
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	18,508,390	-
Other Postemployment Benefits	126,813	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,635,203	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,201,236	5,036
Salary and Payroll Taxes Payable	1,635,528	-
Retainage Payable	558,582	-
Due to Other Governmental Agencies	77,817	-
Due to College	-	302,997
Unearned Revenue	2,159,091	-
Deposits Held for Others	89,433	23,261
Long-Term Liabilities - Current Portion:		
Bonds Payable	356,000	-
Capital Leases Payable	644,073	-
Compensated Absences Payable	197,376	-
Other Postemployment Benefits Payable	58,181	-
Net Pension Liability	156,148	-
Total Current Liabilities	8,133,465	331,294

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	1,832,000	-
Capital Leases Payable	1,919,106	-
Compensated Absences Payable	6,971,571	-
Other Postemployment Benefits Payable	2,136,149	-
Net Pension Liability	55,148,288	-
Total Noncurrent Liabilities	68,007,114	-
TOTAL LIABILITIES	76,140,579	331,294
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	2,049,887	-
Other Postemployment Benefits	541,174	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,591,061	-
NET POSITION		
Net Investment in Capital Assets	194,997,144	4,572,171
Restricted:		
Nonexpendable:		
Endowment	-	12,526,522
Expendable:		
Grants and Loans	1,202,389	-
Scholarships	890,167	16,552,000
Capital Projects	18,032,450	-
Debt Service	10,359	-
Unrestricted	(33,330,939)	3,251,775
TOTAL NET POSITION	$ 181,801,570	$ 36,902,468

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

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SEMINOLE STATE COLLEGE OF FLORIDA
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2021

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $12,619,657	$ 21,529,408	$ -
Federal Grants and Contracts	3,046,115	-
State and Local Grants and Contracts	646,915	-
Nongovernmental Grants and Contracts	2,387,610	-
Sales and Services of Educational Departments	81,138	-
Auxiliary Enterprises	1,309,899	-
Other Operating Revenues	34,110	2,636,657
Total Operating Revenues	29,035,195	2,636,657
EXPENSES		
Operating Expenses:		
Personnel Services	74,802,305	582,996
Scholarships and Waivers	22,017,757	2,382,837
Utilities and Communications	2,383,807	-
Contractual Services	3,809,984	291,950
Other Services and Expenses	6,482,528	167,164
Materials and Supplies	9,352,007	30,590
Depreciation	7,816,078	-
Total Operating Expenses	126,664,466	3,455,537
Operating Loss	(97,629,271)	(818,880)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	47,041,502	111,179
Federal and State Student Financial Aid	32,077,596	-
Gifts and Grants	11,300,797	198,407
Investment Income (Loss)	(124,735)	523,167
Net Gain on Investments	-	4,737,534
Other Nonoperating Revenues	142,051	-
Gain on Disposal of Capital Assets	55,643	-
Interest on Capital Asset-Related Debt	(175,978)	-
Net Nonoperating Revenues	90,316,876	5,570,287
Income (Loss) Before Other Revenues	(7,312,395)	4,751,407
State Capital Appropriations	4,961,108	-
Capital Grants, Contracts, Gifts, and Fees	3,635,644	-
Total Other Revenues	8,596,752	-
Increase in Net Position	1,284,357	4,751,407
Net Position, Beginning of Year	180,517,213	32,151,061
Net Position, End of Year	$ 181,801,570	$ 36,902,468

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

SEMINOLE STATE COLLEGE OF FLORIDA
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2021

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 22,139,389
Grants and Contracts	475,664
Payments to Suppliers	(19,446,427)
Payments for Utilities and Communications	(2,181,780)
Payments to Employees	(54,635,805)
Payments for Employee Benefits	(14,963,072)
Payments for Scholarships	(22,017,757)
Auxiliary Enterprises	1,124,127
Sales and Services of Educational Departments	81,138
Other Receipts	84,902
Net Cash Used by Operating Activities	(89,339,621)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	47,041,502
Federal and State Student Financial Aid	31,802,268
Federal Direct Loan Program Receipts	15,071,020
Federal Direct Loan Program Disbursements	(15,071,020)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	11,300,797
Other Nonoperating Receipts	141,405
Net Cash Provided by Noncapital Financing Activities	90,285,972
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	4,168,305
Capital Grants and Gifts	3,491,166
Purchases of Capital Assets	(5,422,629)
Principal Paid on Capital Debt and Leases	(1,039,454)
Interest Paid on Capital Debt and Leases	(175,978)
Net Cash Provided by Capital and Related Financing Activities	1,021,410
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	2,794
Loss on Investments	(124,735)
Net Cash Used by Investing Activities	(121,941)
Net Increase in Cash and Cash Equivalents	1,845,820
Cash and Cash Equivalents, Beginning of Year	28,242,477
Cash and Cash Equivalents, End of Year	$ 30,088,297

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (97,629,271)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	7,816,078
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	2,768,582
Due from Other Governmental Agencies	(5,818,738)
Due from Component Unit	47,931
Due to Other Governmental Agencies	77,535
Prepaid Expenses	(108,040)
Other Assets	1,667
Accounts Payable	818,032
Salaries and Payroll Taxes Payable	62,591
Unearned Revenue	(2,476,995)
Deposits Held for Others	(38,351)
Compensated Absences Payable	161,772
Other Postemployment Benefits Payable	237,244
Net Pension Liability	8,469,846
Deferred Outflows of Resources Related to Pensions	(1,817,772)
Deferred Inflows of Resources Related to Pensions	(1,761,853)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(82,701)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(67,178)
NET CASH USED BY OPERATING ACTIVITIES	$ (89,339,621)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL FINANCING ACTIVITIES	
The College entered into a capital lease purchase for the acquisition of networking equipment. The new debt and capital assets related to the capital lease purchase were recorded as an increase in long-term debt and capital assets on the statement of net position, but are not cash transactions for the statement of cash flows.	$ 1,840,679

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

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

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

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the Vice President of Resource and Economic Development and Foundation Executive Director, Seminole State College of Florida Foundation, Inc., 1055 AAA Drive, Heathrow, Florida 32746. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended June 30, 2021.

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

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

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

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

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

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, 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. The College determines its scholarship allowance by identifying those student transactions where the student's classes were paid by an applicable financial aid resource. To the extent that these resources are used to pay student charges, the College records a scholarship allowance against tuition and fees revenues.

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

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, cash placed with the State Treasury Special Purpose Investment Account (SPIA), and cash in a money market account. For reporting cash flows, the College considers all highly liquid investments with original maturities of 3 months or less, that are not held solely for income or profit, to be cash equivalents. Under this definition, the College considers amounts invested in the State Treasury SPIA investment pool to be cash equivalents.

College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, 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, 2021, the College reported as cash equivalents at fair value $4,855,428 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 3.). 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 2.6 years and fair value factor of 0.984 at June 30, 2021. 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, 2021, the College also reported as cash equivalents at fair value $5,299,844 in a money market account. The funds invested in the money market account carried a credit rating of AAAm by Standard & Poor's. As of June 30, 2021, there were no redemption fees or maximum transaction

amounts, or any other requirements that serve to limit the College's daily access to 100 percent of the account value.

Capital Assets. College capital assets consist of land, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, assets under capital leases, and leasehold improvements. 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 $65,000 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
- Assets Under Capital Leases – 5 years
- Leasehold Improvements – 10 to 40 years

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

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

2. 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.

Fund	Net Position
Current Funds - Unrestricted	$ (39,135,299)
Auxiliary Funds	5,804,360
Total	$ (33,330,939)

3. Investments

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

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

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

State Board of Administration Debt Service Accounts. The College reported investments totaling $10,359 at June 30, 2021, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value (Level 1 inputs). The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Component Unit Investments. Investments of the Foundation consist of corporate bonds, United States Treasury Bonds, foreign bonds, United States mortgage-backed securities, mutual funds, and domestic and international equities. Investments held by the Foundation at June 30, 2021, are reported at fair value as follows:

Investment	Average Maturity	Credit Quality Rating	Fair Value
Corporate Bonds	5.41 years	AAA - Baa3	$ 4,547,428
United States Treasury Bonds	10.28 years	AAA - AA+	1,138,184
Foreign Bonds	3.92 years	A3 - Baa3	283,497
United States Mortgage-Backed Securities	21.24 years	AAA - AA+	1,097,165
Mutual Funds	N/A	(1)	7,541,434
Domestic Equities	N/A	(1)	9,984,720
International Equities	N/A	(1)	3,241,567
Total Foundation Investments			$ 27,833,995

(1) Disclosure of interest rate risk, maturity date, and credit quality rating is not applicable to this investment type.

The following table presents the levels within the fair value hierarchy in which the Foundation's financial instruments are measured at June 30, 2021.

		Fair Value Measurements Using		
Investments by fair value level	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest-sensitive investments:				
Corporate Bonds	$ 4,547,428	$ -	$ 4,547,428	$ -
United States Treasury Bonds	1,138,184	1,138,184	-	-
Foreign Bonds	283,497	-	283,497	-
Total interest-sensitive investments	5,969,109	1,138,184	4,830,925	-
Alternative Investments:				
United States Mortgage-Backed Securities	1,097,165	-	1,097,165	-
Total alternative investments	1,097,165	-	1,097,165	-
Equity Investments:				
Mutual Funds	7,541,434	7,541,434	-	-
Domestic Equities	9,984,720	9,984,720	-	-
International Equities	3,241,567	3,241,567	-	-
Total equity investments	20,767,721	20,767,721	-	-
Total investments measured at fair value	$ 27,833,995	$ 21,905,905	$ 5,928,090	$ -

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following are descriptions of the valuation methodologies used for investments measured at fair value.

Common Stocks (Equities): Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Funds valued at daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. The mutual funds held by the Foundation are deemed to be actively traded.

Bonds (Corporate, United States Treasury, and Foreign): Valued using pricing models maximizing the use of observable inputs for the same or similar securities. This includes basing values on yields currently available on comparable securities of issuers with the same or similar credit ratings.

United States Mortgage-Backed Securities: Funds valued using pricing models maximizing the use of observable inputs for similar securities.

Generally, the goals of the Foundation's investment program for endowments are set forth in the investment policy as approved by the Foundation's Board of Directors and Finance Committee. The objective is to provide a steady growing income stream to support the Foundation's mission while providing sufficient reinvestment to protect the endowment from inflation. For investments of endowed funds, except Title III funds, the investment policy includes target allocations of 55 percent equities, with a maximum of 70 percent, (up to 70 percent and 25 percent, of the total managed portfolio can be domestic and international) respectively, a target allocation of 30 percent fixed income, with a maximum of 85 percent, and a target allocation of 15 percent alternative investments, with a maximum of 25 percent. For investments of non-endowed funds, the investment policy includes target allocations of 25 percent equities, with a maximum of 45 percent (up to 30 percent and 15 percent, of the total managed portfolio can be domestic and international) respectively, a target allocation of 75 percent fixed income, with a maximum of 100 percent, and a target allocation of zero percent alternative investments, with a maximum of 5 percent. For Title III endowed funds, the investment policy includes target allocations of 80 percent fixed income, with a minimum of 70 percent and maximum of 100 percent, a target allocation of 20 percent equities with a minimum of zero percent and maximum of 30 percent.

In 2017, the Foundation received a contribution in the form of an investment portfolio endowment. The objective is to maximize investment returns with a primary focus on income generation from equity securities while maintaining prudent levels of risk to meet those objectives. Investments and earnings in this portfolio are subject to certain investment policies as stipulated by the donor. The investment policy includes a total target allocation of 95 percent equities, with an allowable range of 0 to 100 percent as defined (at least 50 percent of the total managed portfolio must be domestic equities), a target allocation of 5 percent cash equivalents or certificates of deposit, with an allowable range of 0 to 30 percent, and allowable ranges for various other security types, as defined, of zero percent to a maximum of 30 percent, as defined.

Management believes the Foundation is in compliance with its investment policy for the fiscal year ended June 30, 2021.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Foundation's investment policy provides guidelines such as duration maximums and collateralization requirements to reduce its interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table above summarizes the ratings of Foundation debt instruments using the higher of Standard & Poor's or Moody's nationally recognized statistical rating organizations. The Foundation's

investment policy requires investment grade bonds and commercial papers to be rated B+ and A1 or better, respectively.

Custodial Credit Risk: The Florida Security for Public Deposits Act (Act) establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, Foundation deposits in qualified public depositories are fully insured. The qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the State Treasurer.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy requires diversification of investments sufficient to reduce the potential of a single security, single sector of securities, or single style of management having a disproportionate or significant impact on the portfolio. No more than 5 percent of Foundation investments can be invested with a single company and no more than 30 percent of investments can be in one equity industry.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies will adversely affect the fair value of an investment. The Foundation had approximately $283,000 in foreign fixed-income bonds at June 30, 2021.

4. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions for bookstore, payroll receivables, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $1,039,346 allowance for doubtful accounts.

5. Due From Other Governmental Agencies

The amount due from other governmental agencies consists of $7,878,194 due from Federal, State, and local agencies for grants, student fees or other contractual obligations.

6. Due From and To Component Unit/College

The $302,997 reported as due from component unit consists of amounts owed to the College by the Foundation for scholarships, student aid, and other contractual obligations.

7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 32,526,430	$ -	$ 180,000	$ 32,346,430
Construction in Progress	3,923,698	4,436,521	8,319,542	40,677
Total Nondepreciable Capital Assets	$ 36,450,128	$ 4,436,521	$ 8,499,542	$ 32,387,107
Depreciable Capital Assets:				
Buildings	$ 235,042,647	$ 8,319,543	$ 1,865,229	$ 241,496,961
Other Structures and Improvements	17,085,497	15,888	-	17,101,385
Furniture, Machinery, and Equipment	11,802,016	867,029	444,388	12,224,657
Leasehold Improvements	3,922,135	-	-	3,922,135
Assets Under Capital Leases	1,519,302	1,840,679	-	3,359,981
Computer Software	3,595,938	-	-	3,595,938
Total Depreciable Capital Assets	272,967,535	11,043,139	2,309,617	281,701,057
Less, Accumulated Depreciation:				
Buildings	75,037,831	5,750,814	1,771,967	79,016,678
Other Structures and Improvements	16,262,582	467,242	-	16,729,824
Furniture, Machinery, and Equipment	10,354,422	842,826	444,388	10,752,860
Leasehold Improvements	3,348,616	83,171	-	3,431,787
Assets Under Capital Leases	140,729	672,025	-	812,754
Computer Software	3,595,938	-	-	3,595,938
Total Accumulated Depreciation	108,740,118	7,816,078	2,216,355	114,339,841
Total Depreciable Capital Assets, Net	$ 164,227,417	$ 3,227,061	$ 93,262	$ 167,361,216

Component Unit Capital Assets

Foundation capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Reclassifications	Ending Balance
Nondepreciable Capital Assets:					
Land	$ 3,328,049	$ -	$ -	$ (1,855,878)	$ 1,472,171
Depreciable Capital Assets:					
Buildings and Improvements	2,244,122	-	429,078	(1,815,044)	-
Less, Accumulated Depreciation:					
Buildings and Improvements	467,118	103,804	-	(570,922)	-
Total Depreciable Capital Assets, Net	$ 1,777,004	$ (103,804)	$ 429,078	$ (1,244,122)	$ -
Capital Assets Held for Sale:					
Land	$ -	$ -	$ -	$ 1,855,878	$ 1,855,878
Buildings and Improvements	-	-	-	1,244,122	1,244,122
Total Capital Assets Held for Sale	$ -	$ -	$ -	$ 3,100,000	$ 3,100,000

8. Unearned Revenue

Unearned revenue at June 30, 2021, in the amount of $2,159,091 consists primarily of student tuition and fees invoiced prior to fiscal year end related to subsequent accounting periods.

9. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 2,540,000	$ -	$ 352,000	$ 2,188,000	$ 356,000
Capital Leases Payable	1,409,954	1,840,679	687,454	2,563,179	644,073
Compensated Absences Payable	7,007,175	617,842	456,070	7,168,947	197,376
Other Postemployment Benefits Payable	1,957,086	281,356	44,112	2,194,330	58,181
Net Pension Liability	46,834,590	27,562,843	19,092,997	55,304,436	156,148
Total Long-Term Liabilities	$ 59,748,805	$ 30,302,720	$ 20,632,633	$ 69,418,892	$ 1,411,778

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

- SBE Capital Outlay Bonds. The SBE issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The SBE and the SBA administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements.
- Capital Improvement Revenue Bonds, Series 2018A. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Sections 1009.22(6) and 1009.23(11), Florida Statutes, by the Series 2018A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2018A bonds. The Series 2018A bonds were issued for the purpose of refunding certain of the outstanding Series 2006A and Series 2008A bonds. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2018A bonds will share the lien of such additional bonds on the Series 2018A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds. The bonds were issued for new construction and renovation and remodeling of educational facilities.

The College had the following bonds payable at June 30, 2021:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
SBE Capital Outlay Bonds:			
Series 2017A	$ 381,000	5.0	2026
Series 2020A	32,000	5.0	2022
Florida Department of Education Capital Improvement Revenue Bonds:			
Series 2018A	1,775,000	5.0	2027
Total	$ 2,188,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	SBE Capital Outlay Bonds and Capital Improvement Revenue Bonds		
	Principal	Interest	Total
2022	$ 356,000	$ 109,400	$ 465,400
2023	344,000	91,600	435,600
2024	366,000	74,400	440,400
2025	382,000	56,100	438,100
2026	410,000	37,000	447,000
2027	330,000	16,500	346,500
Total	$ 2,188,000	$ 385,000	$ 2,573,000

Capital Leases Payable. Network and telephone equipment in the amount of $3,359,981 is being acquired under capital lease agreements. Stated interest rates for two leases are 4.132 percent and 4.0703 percent, and one lease has an imputed interest rate of 2.906 percent. Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Amount
2022	$ 736,570
2023	736,570
2024	736,570
2025	580,461
Total Minimum Payments	2,790,171
Less, Amount Representing Interest	226,992
Present Value of Minimum Payments	$ 2,563,179

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. 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, 2021, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $7,168,947. The current portion of the compensated absences liability, $197,376, 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 life insurance benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

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

Employees Covered by Benefit Terms. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	58
Active Employees	739
Total	797

Total OPEB Liability

The College's total OPEB liability of $2,194,330 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
Real wage growth	0.85 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
Regular Employees	3.40 percent – 7.80 percent
Senior Management	4.10 percent – 8.20 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2026
Medicare	5.00 percent for 2019 decreasing to an ultimate rate of 4.60 percent by 2021
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-2018.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018, adopted by 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, 2019, valuation were based on a review of recent plan experience performed concurrently with the June 30, 2019, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/20	$ 1,957,086
Changes for the year:	
Service Cost	140,655
Interest	72,656
Changes in Assumptions or Other Inputs	68,045
Benefit Payments	(44,112)
Net Changes	237,244
Balance at 6/30/21	$ 2,194,330

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020 due to a change in the Municipal Bond Rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$2,536,109	$2,194,330	$1,917,910

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$1,813,204	$2,194,330	$2,697,223

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

For the fiscal year ended June 30, 2021, the College recognized OPEB expense of $87,365. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 384,000
Change of assumptions or other inputs	68,631	157,174
College OPEB paymens subsequent to the measurement date	58,182	-
Total	$ 126,813	$ 541,174

Of the total amount reported as deferred outflows of resources related to OPEB, $58,182 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 year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ (67,765)
2023	(67,765)
2024	(67,765)
2025	(67,765)
2026	(67,765)
Thereafter	(133,718)
Total	$ (472,543)

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, 2021, the College's proportionate share of the net pension liabilities totaled $55,304,436. Note 10. includes a complete discussion of defined benefit pension plans.

10. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 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 $9,138,359 for the fiscal year ended June 30, 2021.

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* (SMSC) – 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 60 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:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
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 2020-21 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	10.00
FRS, Senior Management Service	3.00	27.29
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The College's contributions to the Plan totaled $3,596,786 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a liability of $40,326,226 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.093043043 percent, which was a decrease of 0.001833686 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $7,969,310. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 1,543,367	$ -
Change of assumptions	7,300,330	-
Net difference between projected and actual earnings on FRS Plan investments	2,401,062	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	318,439	624,391
College FRS contributions subsequent to the measurement date	3,596,786	-
Total	$ 15,159,984	$ 624,391

The deferred outflows of resources totaling $3,596,786, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 2,210,729
2023	3,586,027
2024	3,047,829
2025	1,758,548
2026	335,674
Total	$ 10,938,807

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 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 2020 valuation was updated from 6.90 percent to 6.80 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 6.80 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 (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
College's proportionate share of the net pension liability	$64,394,541	$40,326,226	$20,224,545

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. 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, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 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, 2021, the contribution rate was 1.66 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 $651,352 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a net pension liability of $14,978,210 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.122673302 percent, which was a decrease of 0.003882831 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $1,169,049. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 612,700	$ 11,554
Change of assumptions	1,610,584	870,925
Net difference between projected and actual earnings on HIS Plan investments	11,958	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	461,812	543,017
College contributions subsequent to the measurement date	651,352	-
Total	$ 3,348,406	$ 1,425,496

The deferred outflows of resources totaling $651,352, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 323,635
2023	318,092
2024	114,954
2025	189,596
2026	187,721
Thereafter	137,560
Total	$ 1,271,558

Actuarial Assumptions. The total pension liability at July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

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 2.21 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 used in the 2020 valuation was updated from 3.50 percent to 2.21 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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
College's proportionate share of the net pension liability	$17,314,143	$14,978,210	$13,066,257

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, 2021, the College reported a payable of $156,148 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

11. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67

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, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the College.

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

The College's Investment Plan pension expense totaled $1,356,499 for the fiscal year ended June 30, 2021.

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, 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan, for a total of 8.59 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 $242,970 and employee contributions totaled $141,536 for the 2020-21 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 12.49 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 $41,905 and there were no employee contributions for the 2020-21 fiscal year.

12. Operating Lease Commitments

Leased assets and the related commitments are not reported on the College's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. The College has the following operating lease commitments:

- Land utilized for a Public Safety Training Center is leased under an operating lease that expires in 2052. Lease payments total $1 annually beginning in the 2014-15 fiscal year until the expiration of the lease term.
- Computers and related equipment are leased under operating leases. These leases are for 4 and 5 years and the equipment is returned to the lessor upon expiration of the lease.

- College vehicles, primarily used by the maintenance department and security department, are leased for 5 years under an operating lease that began in the 2018-19 fiscal year.
- The College entered into a 5-year lease for multi-function printers that commenced in June 2020.

Future minimum lease commitments for these noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2022	$ 1,347,886
2023	1,006,828
2024	765,117
2025	116,173
2026	25,302
Total Minimum Payments Required	$ 3,261,306

13. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to $110 million to February 28, 2021, and up to $100 million from March 1, 2021, 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.

14. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 37,759,653
Academic Support	9,489,134
Student Services	10,457,894
Institutional Support	27,135,858
Operation and Maintenance of Plant	11,456,574
Scholarships and Waivers	22,017,757
Depreciation	7,816,078
Auxiliary Enterprises	531,518
Total Operating Expenses	$ 126,664,466

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	$ 140,655	$ 150,002	$ 153,766	$ 165,136
Interest	72,656	86,703	77,845	65,961
Difference between expected and actual experience	-	(480,848)	-	-
Changes of assumptions or other inputs	68,045	8,309	(89,302)	(163,512)
Benefit Payments	(44,112)	(94,036)	(83,294)	(61,600)
Net change in total OPEB liability	237,244	(329,870)	59,015	5,985
Total OPEB Liability - beginning	1,957,086	2,286,956	2,227,941	2,221,956
Total OPEB Liability - ending	$ 2,194,330	$ 1,957,086	$ 2,286,956	$ 2,227,941
Covered-Employee Payroll	$ 39,830,031	$ 39,830,031	$ 40,979,092	$ 40,979,092
Total OPEB Liability as a percentage of covered-employee payroll	5.51%	4.91%	5.58%	5.44%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the FRS net pension liability	0.093043043%	0.094876729%	0.095673673%	0.093074987%
College's proportionate share of the FRS net pension liability	$ 40,326,226	$ 32,674,225	$ 28,817,406	$ 27,530,957
College's covered payroll (2)	$ 47,293,545	$ 46,982,015	$ 46,308,295	$ 43,396,598
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	85.27%	69.55%	62.23%	63.44%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required FRS contribution	$ 3,596,786	$ 2,738,916	$ 2,965,093	$ 2,740,816
FRS contributions in relation to the contractually required contribution	(3,596,786)	(2,738,916)	(2,965,093)	(2,740,816)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 45,299,183	$ 47,293,545	$ 46,982,015	$ 46,308,295
FRS contributions as a percentage of covered payroll	7.94%	5.79%	6.31%	5.92%

(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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.091831378%	0.094243640%	0.101202976%	0.091429649%
$ 23,187,495	$ 12,172,830	$ 6,174,870	$ 15,739,112
$ 41,749,265	$ 40,894,582	$ 43,227,051	$ 43,362,648
55.54%	29.77%	14.28%	36.30%
84.88%	92.00%	96.09%	88.54%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 2,427,550	$ 2,247,602	$ 2,297,740	$ 2,216,775
(2,427,550)	(2,247,602)	(2,297,740)	(2,216,775)
$ -	$ -	$ -	$ -
$ 43,396,598	$ 41,749,265	$ 40,894,582	$ 43,227,051
5.59%	5.38%	5.62%	5.13%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the HIS net pension liability	0.122673302%	0.126556133%	0.127235919%	0.121848555%
College's proportionate share of the HIS net pension liability	$ 14,978,210	$ 14,160,365	$ 13,466,792	$ 13,028,610
College's covered payroll (2)	$ 42,662,011	$ 42,371,465	$ 41,605,909	$ 38,846,247
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.11%	33.42%	32.37%	33.54%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required HIS contribution	$ 651,352	$ 708,189	$ 703,366	$ 690,658
HIS contributions in relation to the contractually required HIS contribution	(651,352)	(708,189)	(703,366)	(690,658)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 39,238,072	$ 42,662,011	$ 42,371,465	$ 41,605,909
HIS contributions as a percentage of covered payroll	1.66%	1.66%	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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.120032456%	0.117802815%	0.126571174%	0.127944123%
$ 13,989,286	$ 12,014,034	$ 11,834,714	$ 11,139,218
$ 37,397,768	$ 38,114,745	$ 39,933,612	$ 38,888,603
37.41%	31.52%	29.64%	28.64%
0.97%	0.50%	0.99%	1.78%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 644,848	$ 615,968	$ 450,316	$ 433,590
(644,848)	(615,968)	(450,316)	(433,590)
$ -	$ -	$ -	$ -
$ 38,846,247	$ 37,397,768	$ 38,114,745	$ 39,933,612
1.66%	1.65%	1.18%	1.09%

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

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

Changes of Assumptions. The long-term expected rate of return, using the Municipal Bond Index Rate, decreased from 3.50 percent at the prior measurement date to 2.21 percent at the current measurement date, and the active member mortality assumption was updated.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, and the active member mortality assumption was updated.

AUDITOR GENERAL
STATE OF FLORIDA

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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, the financial statements of the Seminole State College of Florida, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 21, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
February 21, 2022

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2022-111
February 2022

ST. PETERSBURG COLLEGE

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2020-21 fiscal year, Dr. Tonjua Williams served as President of St. Petersburg College and the following individuals served as Members of the Board of Trustees:

Katherine E. Cole, Chair
Thomas Kidwell, Vice Chair from 3-27-21
Bridgette Bello through 3-26-21, Vice Chair
Jason Butts, from 3-27-21
Deveron M. Gibbons
Nathan M. Stonecipher

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 Vanessa C. Fernandez, CPA, and the audit was supervised by Rachel P. Sellers, 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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ST. PETERSBURG COLLEGE

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of St. Petersburg 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 determine whether St. Petersburg College and its officers with administrative and stewardship responsibilities for College operations had:

- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also 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.

AUDITOR GENERAL
STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of St. Petersburg 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, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. 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. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of St. Petersburg College and of its aggregate discretely presented component units as of June 30, 2021, 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.

Other Matter

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**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2022, on our consideration of the St. Petersburg 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 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 St. Petersburg College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
February 1, 2022

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, 2021, 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, 2021, and June 30, 2020.

FINANCIAL HIGHLIGHTS

The College's assets and deferred outflows of resources totaled $371.3 million at June 30, 2021. This balance reflects a $5.3 million, or 1.5 percent, increase as compared to the 2019-20 fiscal year, resulting primarily from increases in cash and cash equivalents of $10 million and increases in deferred outflows of resources for net pension and other postemployment benefit (OPEB) liabilities totaling $8.3 million. The increases were offset by a decrease in net capital assets of $8.9 million attributable to reduced capital appropriations as well as the sale of the district office building. Concurrently, due from other governmental agencies also decreased by $3.6 million driven by the completion of the Student Success Center and drawdown of the remaining Public Education Capital Outlay (PECO) funds available.

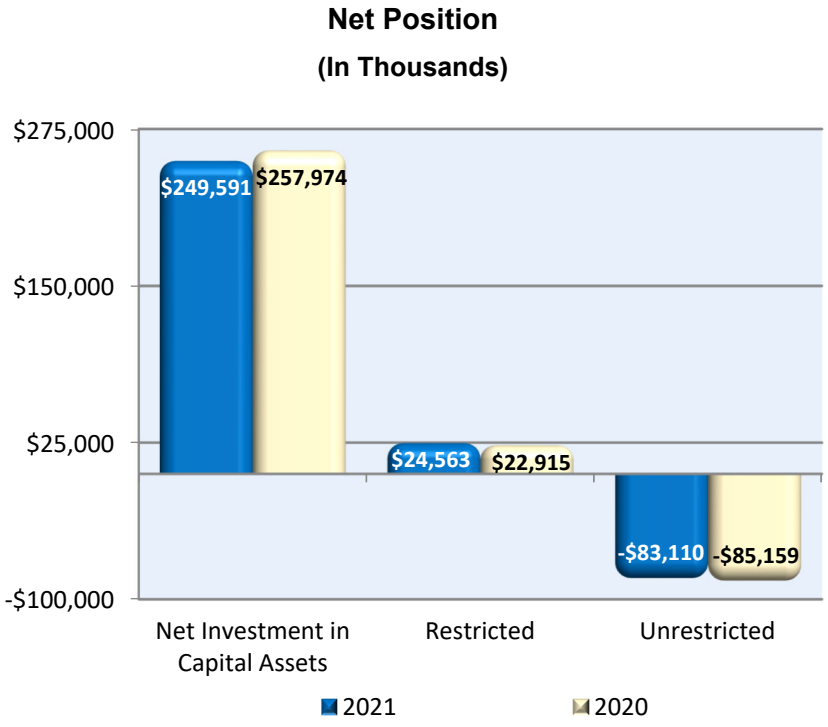
During the 2020-21 fiscal year, liabilities and deferred outflows of resources increased by $10 million, or 5.9 percent, to an ending balance of $180.2 million. The increase in liabilities was primarily in OPEB of $10.9 million, net pension liabilities of $9.4 million and accounts payable of $2.2 million. The increase in liabilities was offset by a decrease to other long-term liabilities of $6.3 million for the repayment of funds to the Foundation, a reduction in bonds payable of $1.6 million due to principal payments, and a decrease to deferred inflows of $2.5 million recorded for net pension and OPEB. Insurance claims payable of $1.5 million previously accrued to meet self-insured safe harbor requirements was also eliminated with the College's conversion to the Florida College System Risk Management Consortium to provide health insurance for its employees.

As a result, the College's net position decreased by $4.7 million during the 2020-21 fiscal year, reaching a year-end balance of $191 million.

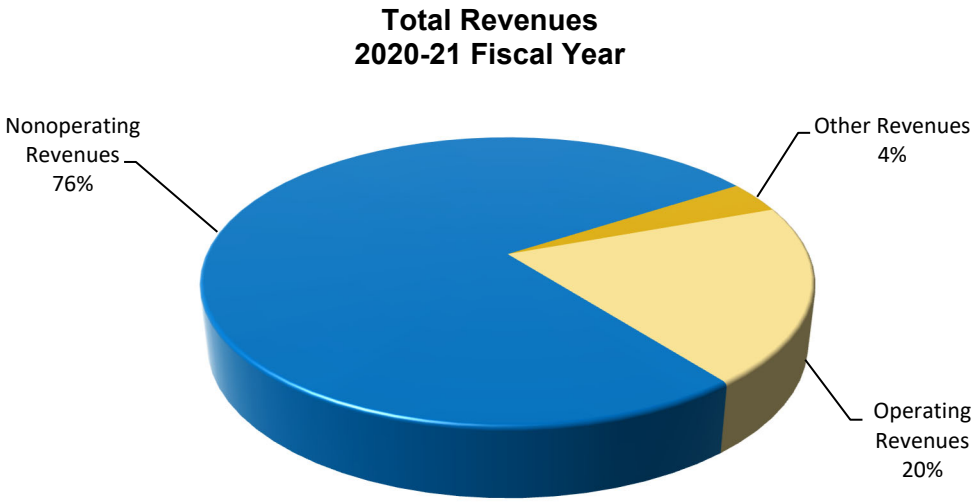
The College's operating revenues totaled $42.5 million for the 2020-21 fiscal year, representing a decrease of $4.9 million, or 10.3 percent, as compared to the 2019-20 fiscal year due mainly to the impact of the COVID-19 pandemic on student tuition and fees, auxiliary services, and facility rentals. Operating expenses totaled $217.4 million for the 2020-21 fiscal year, representing an increase of 1.4 percent as compared to the 2019-20 fiscal year. The primary driver to the increase in spending was the migration activities due to the sale of the district office building and other delayed maintenance projects of $6.8 million. This was offset by a decrease in personnel expenses of $4.4 million as well as the overall reduction in other services and expenses, and scholarship waivers due to the shift to virtual workspaces and classrooms and lower enrollment, respectively.

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 reported a negative unrestricted net position of $83.1 million for the 2020-21 fiscal year as a result of recording long-term liabilities that

will be financed and paid from future unrestricted appropriations. The College's comparative total net position by category for the fiscal years ended June 30, 2021, and June 30, 2020, is shown in the following graph:



The following chart provides a graphical presentation of College revenues by category for the 2020-21 fiscal year:



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net position; the statement

of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the College and its component units. These component units include: St. Petersburg College Foundation, Inc. (Foundation); The Leepa-Rattner Museum of Art, Inc. (Museum); and the Institute for Strategic Policy Solutions, Inc. (Institute). Based on the application of the criteria for determining component units, the Foundation, the Museum, and the Institute are included within the College reporting entity as discretely presented component units.

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

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2021	2020
Assets		
Current Assets	$ 51,799	$ 49,484
Capital Assets, Net	266,655	275,539
Other Noncurrent Assets	17,890	14,237
Total Assets	336,344	339,260
Deferred Outflows of Resources	34,943	26,685
Liabilities		
Current Liabilities	18,604	13,895
Noncurrent Liabilities	145,420	137,592
Total Liabilities	164,024	151,487
Deferred Inflows of Resources	16,219	18,728
Net Position		
Net Investment in Capital Assets	249,591	257,974
Restricted	24,563	22,915
Unrestricted	(83,110)	(85,159)
Total Net Position	$ 191,044	$ 195,730

The most significant changes in the College's net position is attributable to current and noncurrent liabilities, deferred outflows of resources, and deferred inflows of resources associated with the net pension and OPEB liabilities that are determined by actuarial calculations. Additional information about the College's net pension and OPEB liabilities, and the actuarial assumptions and details used, are presented in the notes to financial statements.

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 2020-21 and 2019-20 fiscal years:

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

(In Thousands)

	2020-21	2019-20
Operating Revenues	$ 42,458	$ 47,358
Less, Operating Expenses	217,357	214,443
Operating Loss	(174,899)	(167,085)
Net Nonoperating Revenues	162,617	150,209
Loss Before Other Revenues	(12,282)	(16,876)
Other Revenues	7,596	8,760
Net Decrease In Net Position	(4,686)	(8,116)
Net Position, Beginning of Year	195,730	203,846
Net Position, End of Year	$ 191,044	$ 195,730

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 2020-21 and 2019-20 fiscal years:

Operating Revenues
For the Fiscal Years

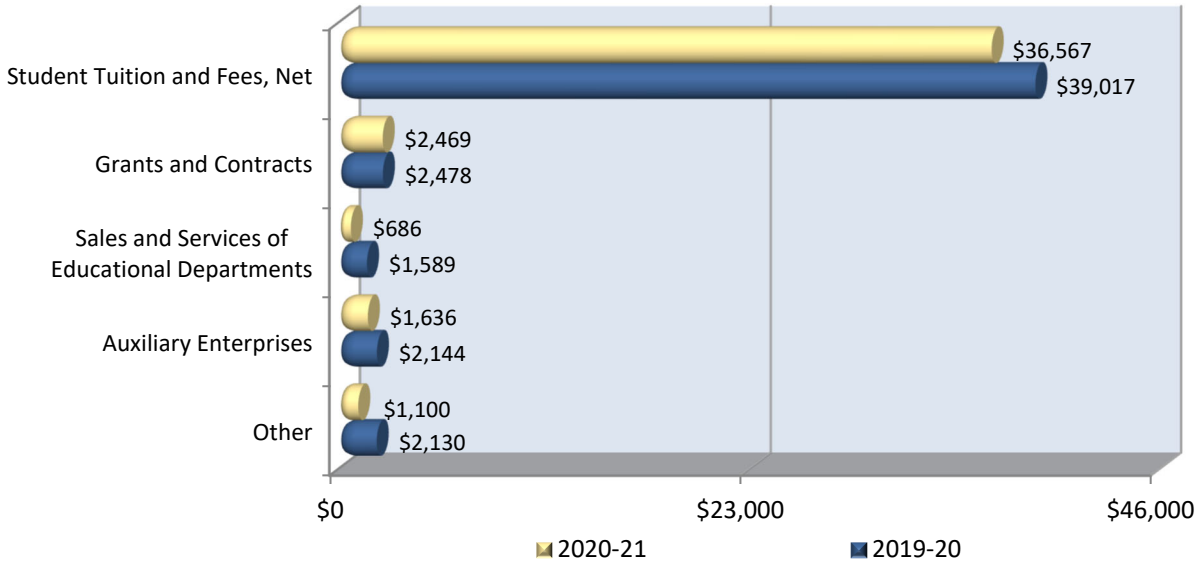
(In Thousands)

	2020-21	2019-20
Student Tuition and Fees, Net	$ 36,567	$ 39,017
Grants and Contracts	2,469	2,478
Sales and Services of Educational Departments	686	1,589
Auxiliary Enterprises	1,636	2,144
Other	1,100	2,130
Total Operating Revenues	$ 42,458	$ 47,358

The following chart presents the College's operating revenues for the 2020-21 and 2019-20 fiscal years:

Operating Revenues

(In Thousands)



College operating revenue decreased by $4.9 million, or 10.3 percent. This can be attributed to the COVID-19 pandemic as the primary driver causing overall decreases in net student tuition and fees of $2.5 million, other revenues of $1 million, facility rental revenues of $0.9 million, and auxiliary enterprises of $0.5 million.

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.

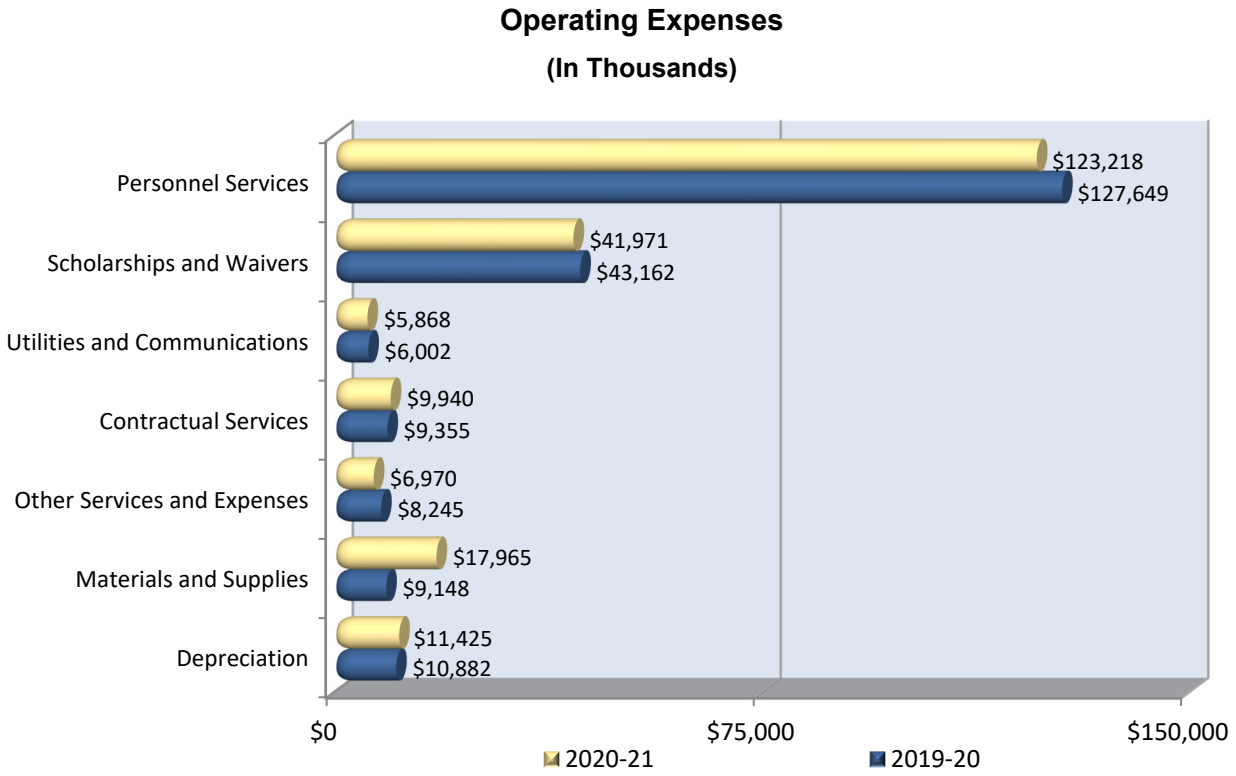
The following summarizes operating expenses by natural classification for the 2020-21 and 2019-20 fiscal years:

Operating Expenses
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
Personnel Services	$ 123,218	$127,649
Scholarships and Waivers	41,971	43,162
Utilities and Communications	5,868	6,002
Contractual Services	9,940	9,355
Other Services and Expenses	6,970	8,245
Materials and Supplies	17,965	9,148
Depreciation	11,425	10,882
Total Operating Expenses	$ 217,357	$214,443

The following chart presents the College's operating expenses for the 2020-21 and 2019-20 fiscal years:



College operating expenses were higher by $2.9 million over the 2019-20 fiscal year primarily due to an increase in spending of materials and supplies of $8.8 million of which $6.8 million is attributable to the migration activities due to the sale of the district office building and other delayed maintenance projects, and $1.8 million was spent on technology related expenses (transition to virtual classrooms and workspaces) due to the pandemic. In addition, contractual services were up $0.6 million. These increases were offset by a decrease in personnel expenses of $4.4 million, other services and expenses of $1.3 million, and scholarship waivers of $1.2 million due to lower enrollment.

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 2020-21 and 2019-20 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Noncapital Appropriations	$ 73,703	$ 73,047
Federal and State Student Financial Aid	60,269	62,578
Gifts and Grants	27,455	14,633
Investment Income	151	725
Other Nonoperating Revenues (Expenses)	(124)	114
Gain on Disposal of Capital Assets	1,984	1
Interest on Capital Asset-Related Debt	(821)	(889)
Net Nonoperating Revenues	$ 162,617	$ 150,209

When compared to the prior fiscal year, College net nonoperating revenues increased by $12.4 million, or 8.3 percent. The change in revenue was primarily due to the increase in Federal Coronavirus Aid, Relief, and Economic Security Act Higher Education Emergency Relief Funds (HEERF) grant funds received of $14.6 million to mitigate incremental expenses incurred by the students and the institution directly because of the COVID-19 pandemic. The College also recognized a gain on the sale of the district office building and land of $2 million in May 2021. The increases in nonoperating revenues were offset by lower Federal and State student financial aid revenues of $2.3 million and reduced investment income of $0.6 million due to lower interest rate returns.

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 2020-21 and 2019-20 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Capital Appropriations	$ 637	$ 771
Capital Grants, Contracts, Gifts, and Fees	6,959	7,989
Total	$ 7,596	$ 8,760

Changes in other revenues were the result of decreases in capital grants, contracts, gifts and fees of $1 million and State capital appropriations of $0.1 million.

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 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
Cash Provided (Used) by:		
Operating Activities	$ (154,842)	$ (143,579)
Noncapital Financing Activities	155,188	150,200
Capital and Related Financing Activities	9,622	3,931
Investing Activities	24	767
Net Increase in Cash and Cash Equivalents	9,992	11,319
Cash and Cash Equivalents, Beginning of Year	48,859	37,540
Cash and Cash Equivalents, End of Year	$ 58,851	$ 48,859

Major sources of cash inflows came from Federal Direct Student Loan program receipts ($37.3 million), State noncapital appropriations ($73.7 million), Federal and State student financial aid ($60.4 million), net student tuition and fees ($37 million), noncapital gifts and grants ($27.5 million), State capital appropriations ($5.5 million), and capital gifts and grants ($6.9 million). Major uses of cash were disbursements to students for Federal Direct Student Loans ($37.3 million), payments to employees and for employee benefits ($115.8 million), payments for scholarships ($41.8 million), payments to suppliers ($32.6 million), principal paid on capital debt ($2.5 million), and other nonoperating disbursements ($6.3 million).

The College's overall cash and cash equivalents increased in the 2020-21 fiscal year by $10 million, or 20.5 percent, from the 2019-20 fiscal year. Changes in cash and cash equivalents are the result of the following factors:

- The increase in operating activities net cash used of $11.3 million was primarily due to the increase in payments to suppliers of $5.8 million primarily attributable to the remodeling of the new downtown campus as the new home to the district office, the decrease of net student tuition and fees of $2.1 million, and lower Workforce and Palladium revenues of $0.9 million.
- The increase in noncapital financing activities net cash inflows of $5 million was the result of a $12.8 million increase of gifts and grants, largely due to student and institutional HEERF grant aid of $14.6 million, offset by the repayment to the Foundation of $6.3 million and reduction in student financial aid of $2.2 million.
- The increase in cash provided related to capital and related financing activities of $5.7 million was primarily generated by the proceeds on the sale of the district office building of $2 million and a $10.9 million decrease in capital purchases offset by a $5.8 million decrease in receipt of PECO appropriations related to the completion of the Student Success Center.
- The decrease in cash provided by investing activities of $0.7 million was primarily due to a decrease in investment income.

Capital Assets

At June 30, 2021, the College had $448.7 million in capital assets, less accumulated depreciation of $182 million, for net capital assets of $266.7 million. Depreciation charges for the current fiscal year totaled $11.4 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)

	2021	2020
Land	$ 24,206	$ 25,607
Construction in Progress	3,128	22,116
Buildings	233,019	223,269
Other Structures and Improvements	1,488	552
Furniture, Machinery, and Equipment	2,560	1,709
Assets Under Capital Leases	2,254	2,286
Capital Assets, Net	$266,655	$275,539

In May of 2021, the College sold the district office building and land for $6.8 million, realized a $2 million gain, and consolidated office space at various campuses. In addition, the Student Success Center was completed and capitalized at a book value of $22.4 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, 2021, were incurred for the St. Petersburg Downtown Buildout ($2.6 million), and the St. Petersburg Gibbs Cooling Tower ($0.5 million). The College's construction commitments at June 30, 2021, are as follows:

	Amount (In Thousands)
Total Committed	$ 4,717
Completed to Date	(3,128)
Balance Committed	$ 1,589

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

Debt Administration

As of June 30, 2021, the College had $17.1 million in outstanding capital improvement debt payable, capital leases payable, and installment purchase payable representing a decrease of $0.5 million, or 2.9 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)

	2021	2020
SBE Capital Outlay Bonds	$ 1,003	$ 1,093
Florida Department of Education Capital Improvement Revenue Bonds	12,390	13,875
Installment Purchases	1,411	-
Capital Leases	2,260	2,597
Total	$ 17,064	$ 17,565

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2021-22 fiscal year.

On-going efforts to develop new revenue sources and contain costs continue to serve the College well in its commitment to the growth of education programs, improved student access, and overall excellence in service to its students and the community. The conservative budgetary stance taken by the College provides a framework for a focused response in support of our educational mission.

The College Board of Trustees did not recommend a tuition increase consistent with the Governor's request for the 2021-22 fiscal year.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Mike Meigs, Associate Vice President for Financial and Business Services, St. Petersburg College, PO Box 13489, St. Petersburg, FL 33733.

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ST. PETERSBURG COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2021

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 34,099,920	$ 2,428,822
Restricted Cash and Cash Equivalents	11,842,874	-
Investments	-	55,606,719
Restricted Investments	23,672	-
Accounts Receivable, Net	1,505,299	800,027
Due from Other Governmental Agencies	3,313,111	-
Due from Component Unit/College	167,614	6,735,686
Inventories	84,798	6,991
Prepaid Expenses	40,988	-
Deposits Receivable	720,820	-
Total Current Assets	51,799,096	65,578,245
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	12,908,162	-
Investments	2,064,335	32,111,406
Restricted Investments	2,918,257	-
Depreciable Capital Assets, Net	239,321,171	-
Nondepreciable Capital Assets	27,333,526	-
Other Assets	-	45,149
Total Noncurrent Assets	284,545,451	32,156,555
TOTAL ASSETS	336,344,547	97,734,800
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	7,783,889	-
Pensions	27,158,790	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	34,942,679	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	4,580,409	28,427
Salary and Payroll Taxes Payable	1,233,458	-
Retainage Payable	424,177	-
Unearned Revenue	578,339	11,323
Deposits Held for Others	1,205,392	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	1,649,000	-
Installment Purchase Payable	53,200	-
Capital Leases Payable	895,016	-
Compensated Absences Payable	1,182,155	-
Other Postemployment Benefits Payable	219,475	-
Net Pension Liability	6,583,427	-
Total Current Liabilities	18,604,048	39,750

	College	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	11,744,000	-
Installment Purchase Payable	1,357,678	-
Capital Leases Payable	1,364,928	-
Compensated Absences Payable	10,639,397	-
Other Postemployment Benefits Payable	43,361,331	-
Net Pension Liability	76,953,130	-
Total Noncurrent Liabilities	145,420,464	-
TOTAL LIABILITIES	164,024,512	39,750
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	6,676,298	-
Pensions	9,542,472	-
TOTAL DEFERRED INFLOWS OF RESOURCES	16,218,770	-
NET POSITION		
Net Investment in Capital Assets	249,590,875	-
Restricted:		
Nonexpendable:		
Endowment	-	32,111,406
Expendable:		
Grants and Loans	8,100,167	60,274,746
Scholarships	433,718	-
Capital Projects	16,005,657	-
Debt Service	23,672	-
Unrestricted	(83,110,145)	5,308,898
TOTAL NET POSITION	$ 191,043,944	$ 97,695,050

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

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ST. PETERSBURG 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, 2021

	College	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $26,159,108	$ 36,566,768	$ -
Federal Grants and Contracts	453,946	-
State and Local Grants and Contracts	1,478,398	-
Nongovernmental Grants and Contracts	535,974	-
Sales and Services of Educational Departments	686,296	-
Auxiliary Enterprises	1,635,754	-
Other Operating Revenues	1,100,288	5,717,229
Total Operating Revenues	42,457,424	5,717,229
EXPENSES		
Operating Expenses:		
Personnel Services	123,217,596	-
Scholarships and Waivers	41,971,454	4,157,136
Utilities and Communications	5,868,180	-
Contractual Services	9,939,677	2,367,876
Other Services and Expenses	6,970,314	-
Materials and Supplies	17,964,753	25,952
Depreciation	11,425,004	-
Total Operating Expenses	217,356,978	6,550,964
Operating Loss	(174,899,554)	(833,735)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	73,703,011	-
Federal and State Student Financial Aid	60,269,406	-
Gifts and Grants	27,454,659	88,211
Investment Income	151,614	177,307
Net Gain (Loss) on Investments	(124,433)	28,881,540
Gain on Disposal of Capital Assets	1,984,195	-
Interest on Capital Asset-Related Debt	(821,383)	-
Net Nonoperating Revenues	162,617,069	29,147,058
Income (Loss) Before Other Revenues	(12,282,485)	28,313,323
State Capital Appropriations	637,600	-
Capital Grants, Contracts, Gifts, and Fees	6,958,687	-
Additions to Endowments	-	621,435
Total Other Revenues	7,596,287	621,435
Increase (Decrease) in Net Position	(4,686,198)	28,934,758
Net Position, Beginning of Year	195,730,142	69,794,022
Adjustments to Beginning Net Position	-	(1,033,730)
Net Position, Beginning of Year, as Restated	195,730,142	68,760,292
Net Position, End of Year	$ 191,043,944	$ 97,695,050

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

ST. PETERSBURG COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2021

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 37,029,973
Grants and Contracts	1,981,786
Payments to Suppliers	(32,619,637)
Payments for Utilities and Communications	(5,868,180)
Payments to Employees	(85,009,644)
Payments for Employee Benefits	(30,815,765)
Payments for Scholarships	(41,809,886)
Auxiliary Enterprises	1,658,951
Sales and Services of Educational Departments	686,296
Other Payments	(75,730)
Net Cash Used by Operating Activities	(154,841,836)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	73,703,011
Federal and State Student Financial Aid	60,369,437
Federal Direct Loan Program Receipts	37,290,647
Federal Direct Loan Program Disbursements	(37,290,647)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	27,454,659
Other Nonoperating Disbursements	(6,338,905)
Net Cash Provided by Noncapital Financing Activities	155,188,202
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	5,475,068
Capital Grants and Gifts	6,908,687
Proceeds from Sale of Capital Assets	1,984,195
Purchases of Capital Assets	(1,384,060)
Principal Paid on Capital Debt and Leases	(2,540,714)
Interest Paid on Capital Debt and Leases	(821,383)
Net Cash Provided by Capital and Related Financing Activities	9,621,793
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	4,851,044
Purchases of Investments	(4,984,747)
Investment Income	157,505
Net Cash Provided by Investing Activities	23,802
Net Increase in Cash and Cash Equivalents	9,991,961
Cash and Cash Equivalents, Beginning of Year	48,858,995
Cash and Cash Equivalents, End of Year	$ 58,850,956

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (174,899,554)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	11,425,004
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Accounts Receivables, Net	481,117
Due from Other Governmental Agencies	(677,262)
Due from Component Unit	27,200
Inventories	(12,654)
Prepaid Expenses	(8,268)
Deposits Receivable	(720,820)
Accounts Payable	2,285,936
Salary and Payroll Taxes Payable	(1,075,288)
Unearned Revenue	320,477
Estimated Insurance Claims Payments	(1,482,807)
Deposits Held for Others	(455,198)
Compensated Absences Payable	350,775
Other Postemployment Benefits Payable	10,931,617
Net Pension Liability	9,434,565
Deferred Outflows of Resources Related to Other Postemployment Benefits	(6,757,920)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(1,002,715)
Deferred Outflows of Resources Related to Pensions	(1,499,881)
Deferred Inflows of Resources Related to Pensions	(1,506,160)
NET CASH USED BY OPERATING ACTIVITIES	$ (154,841,836)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized losses on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (124,433)
Donation of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 50,000
The College has an installment purchase agreement for a chiller plant. The long-term debt was recorded on the statement of net position as an addition to installment purchase payable and reduction to capital leases payable, but are not cash transactions for the statement of cash flows.	$ 1,444,545
The College entered into capital lease purchases for the acquisition of network equipment, copier and printing equipment and vehicles. The new debt and capital assets related to the capital lease purchases were recorded as an increase to long-term debt and capital assets on the statement of net position, but are not cash transactions for the statement of cash flows.	$ 2,044,601

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

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

- St. Petersburg College Foundation, Inc. (Foundation): This legally separate organization is a community advocate for St. Petersburg College and encourages charitable donations to provide financial support for the College and its students. As a public charity, the Foundation accepts donations to enhance the College's many and varied teaching and public service programs, as well as to support capital projects and other related College improvements, and is governed by a separate board.
- The Leepa-Rattner Museum of Art, Inc. (Museum): This legally separate organization benefits the College through the promotion of educational excellence by collecting, preserving and displaying works of art that reflect or support the aesthetic concerns of Abraham Rattner, Esther Gentle, Allen Leepa, and other artists. The Museum also provides a facility for teaching, exhibiting, and promoting all aspects of the art spectra for the benefit of the College and the public, and is governed by a separate board.
- Institute for Strategic Policy Solutions, Inc. (Institute): This legally separate organization benefits the College through the promotion of educational and civic engagement through its operations and activities by providing students, faculty, and the community at large, a forum and center for learning and scholarly public discourse and is governed by a separate board.

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

The College's component units are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The audited financial statements of these organizations are available to the public at the College. The financial data reported on the accompanying financial statements was derived from the audited financial statements of the organizations for the fiscal year ended March 31, 2021. Additional condensed financial statements for the College's component units are included in a subsequent note.

The Museum was dissolved as a Florida nonprofit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and decertified as a direct-support organization of the College. Dissolution was filed with the State of Florida on June 28, 2021, with an effective date of June 30, 2021. The Museum began operating as a department of the College on July 1, 2021.

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. 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 the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follows GASB standards of accounting and financial reporting.

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, 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. The College calculated its scholarship allowances by identifying financial aid applied versus cash payments applied to the student accounts receivable.

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

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

College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, 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, 2021, the College reported as cash equivalents at fair value $2,667,087 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 3.). 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 2.6 years and fair value factor of 0.984 at June 30, 2021. 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, 2021, the College reported as cash equivalents $25,931,769 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 50 days as of June 30, 2021. 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, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Capital Assets. College capital assets consist of land, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, and assets under capital leases. 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 – 10 to 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
- Assets Under Capital Leases – 2 to 5 years

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, installment purchases payable, capital leases payable, compensated absences payable, other postemployment benefits payable (OPEB), 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. Deficit Net Position in Individual Funds

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

Fund	Net Position
Current Funds - Unrestricted	$ (86,025,491)
Auxiliary Funds	2,915,346
Total	$ (83,110,145)

3. Investments

The Board of Trustees has adopted a written investment policy providing that surplus funds of the College shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Section 218.415(16), Florida Statutes, authorizes the College to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02,

Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; and other investments approved by the Board of Trustees as authorized by law. SBE Rule 6A-14.0765(3), Florida Administrative Code, provides that College loan, endowment, annuity, and life income funds may also be invested pursuant to Section 215.47, Florida Statutes. Investments authorized by Section 215.47, Florida Statutes, include bonds, notes, commercial paper, and various other types of investments.

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

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

The College's investments at June 30, 2021, are reported as follows:

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
SBA Debt Service Accounts	$ 23,672	$ 23,672	$ -	$ -
Certificate of Deposit/Bank Deposit Program	4,982,592	4,982,592	-	-
Total investments by fair value level	$ 5,006,264	$ 5,006,264	$ -	$ -

State Board of Administration Debt Service Accounts. The College reported investments totaling $23,672 at June 30, 2021, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Certificates of Deposit and Bank Deposit Program. At June 30, 2021, the College had a financial institution purchase investment in individual certificates of deposit (CDs) with 20 different banks in the College's name totaling $4,697,870 and none of those investments exceeded $250,000 per bank. The CDs are insured by the Federal Deposit Insurance Corporation. The CDs carry originally maturity dates ranging from 18 months to 39 months with annual percentage interest rates ranging from 0.15 percent to 2.50 percent.

In addition, the College reported investments totaling $284,722 at June 30, 2021, in the Bank Deposit Program with 1 bank. The Bank Deposit Program is an account investment used to hold cash balances

until the funds are reinvested in CDs. The Federal Deposit Insurance Corporation insures up to $250,000 per bank.

Component Unit Investments. The College's component unit, the Foundation categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets and level 2 inputs are significant other observable inputs measured based on quoted prices for similar securities in active markets. As of March 31, 2021, investments held by the Foundation is reported at fair value as follows:

		Fair Value Measurements Using	
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
United States Government Obligations	$ 704,475	$ 704,475	$ -
Federal Agency Obligations	2,205,919	-	2,205,919
Bonds and Notes	10,866,016	-	10,866,016
Stocks and Other Equity Securities	69,824,384	69,824,384	-
Mutual Funds	3,837,135	3,837,135	-
Real Estate Investment Trusts	280,196	280,196	-
Total investments by fair value level	$ 87,718,125	$ 74,646,190	$ 13,071,935

The Foundation has a written investment policy to provide the basis for the management of a prudent investment program appropriate to the particular fund type.

Interest Rate and Credit Risk: Interest rate risk is the risk that changes when interest rates will adversely affect the fair market value of an investment. Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligation. The Foundation's investment policy limits investments in fixed income securities to maturities of no longer than 30 years. The Foundation has $13,776,410 in obligations of United States Government, Federal agency obligations, and bonds and notes that include embedded options including of the option, at the discretion of the issuer, to call their obligation.

The Foundation's investment policy provides that debt issues of investment grade "BBB" or better is preferred. However, investment managers may purchase lesser quality debt investments as long as the purchases represent no more than 25 percent of a manager's fixed income portfolio.

The following are maturities and credit quality ratings for the Foundation investments at March 31, 2021:

Investment Type	Fair Value	Investment Maturities (In Years) Less Than 1	1-5	6-10	More Than 10	Credit Quality Range (1)
United States Government Obligations	$ 704,475	$ 118,899	$ 246,990	$ 338,586	$ -	(2)
Federal Agency Obligations	2,205,919	40,732	428,874	742,631	993,682	AA+
Bonds and Notes	10,866,016	223,894	2,477,507	2,720,422	5,444,193	AAA-NA
Fixed Income Mutual Funds (3)	91,113	-	-	91,113	-	AAA
Fixed Income Mutual Funds (3)	152,086	-	152,086	-	-	AAA-BBB
Fixed Income Mutual Funds (3)	74,365	-	-	-	74,365	AAA-NR
Fixed Income Mutual Funds	2,156,998	-	-	2,156,998	-	AAA-NA
Fixed Income Mutual Funds	940,686	-	-	-	940,686	BBB-BB
Real Estate Investment Trusts	280,196	280,196	-	-	-	Not Rated
Equity Mutual Funds	421,887	421,887	-	-	-	Not Rated
Equity Securities	69,824,384	69,824,384	-	-	-	Not Rated
Total Component Units Investments	$ 87,718,125	$ 70,909,992	$ 3,305,457	$ 6,049,750	$ 7,452,926	

(1) Rated by Standard & Poor's.

(2) Disclosure of credit risk is not required for this investment type.

(3) Fixed income mutual funds with a weighted average maturity of less than 5 years.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments. The Foundation's investment policy does not address custodial risk. Foundation investments in debt securities are uninsured, not registered in the name of the Foundation, and held by financial institutions and, as such, are exposed to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. The Foundation's investment policy provides that investments in fixed income securities of a single issue must not exceed 5 percent of fair value total investment assets with each money manager. United States Government and Federal agency obligations are not subject to this limitation. For equities, no single major industry may represent more than 15 percent of the market value of the total amount each investment firm has to invest at the time of purchase, and in no case shall an individual security be purchased that exceeds 5 percent of the portfolio total without approval from the investment committee. The policy also provides that the target asset allocation for the investment portfolio be 70 percent in equities and 30 percent in fixed income.

4. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, uncollected commissions for food or rent from vendors under food, vending, and bookstore operations, accrued interest, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $1,035,606 allowance for doubtful accounts.

5. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of $64,834 of Public Education Capital Outlay allocations due from the State for construction of College facilities, $2,309,255 of grant contract reimbursements due from third parties, and $669,126 due from the Florida Prepaid College Board for payment of tuition and fees for students under contract enrolled in summer term.

6. Due From Component Unit/College

The $167,614 reported as due from component unit consists of amounts owed to the College by the Foundation for programs and scholarships. The $6,338,905 reported as a noncurrent amount due to component unit in the prior fiscal year, was repaid to the Foundation in June 2021. The College's financial statements are reported for the fiscal year ended June 30, 2021. The College's component units' financial statements are reported for the fiscal year ended March 31, 2021. Accordingly, the amount reported by the College as due from component unit on the statement of net position does not agree with the amount reported by the component unit as due to the College.

7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 25,606,841	$ -	$ 1,401,300	$ 24,205,541
Construction in Progress	22,116,010	3,374,689	22,362,714	3,127,985
Total Nondepreciable Capital Assets	$ 47,722,851	$ 3,374,689	$ 23,764,014	$ 27,333,526
Depreciable Capital Assets:				
Buildings	$ 361,678,765	$ 22,362,714	$ 4,835,047	$ 379,206,432
Other Structures and Improvements	12,903,762	1,511,514	-	14,415,276
Furniture, Machinery, and Equipment	15,663,573	9,023,880	1,284,869	23,402,584
Assets Under Capital Leases	11,354,814	2,044,601	9,105,791	4,293,624
Total Depreciable Capital Assets	401,600,914	34,942,709	15,225,707	421,317,916
Less, Accumulated Depreciation:				
Buildings	138,409,830	9,590,392	1,813,142	146,187,080
Other Structures and Improvements	12,351,970	575,749	-	12,927,719
Furniture, Machinery, and Equipment	13,954,154	8,173,482	1,284,869	20,842,767
Assets Under Capital Leases	9,068,982	1,013,123	8,042,926	2,039,179
Total Accumulated Depreciation	173,784,936	19,352,746	11,140,937	181,996,745
Total Depreciable Capital Assets, Net	$ 227,815,978	$ 15,589,963	$ 4,084,770	$ 239,321,171

8. Unearned Revenue

Unearned revenue at June 30, 2021, includes restricted grants and contracts revenue, auxiliary enterprises revenue, and student tuition and fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2021, the College reported the following amounts as unearned revenue:

Description	Amount
Grants and Contracts	$ 298,731
Auxiliary Revenue	39,453
Student Tuition and Fees	240,155
Total Unearned Revenue	$ 578,339

9. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 14,968,000	$ -	$ 1,575,000	$ 13,393,000	$ 1,649,000
Installment Purchase Payable	-	1,444,545	33,667	1,410,878	53,200
Capital Leases Payable	2,596,741	2,044,601	2,381,398	2,259,944	895,016
Compensated Absences Payable	11,470,778	1,836,598	1,485,824	11,821,552	1,182,155
Other Postemployment Benefits Payable	32,649,189	19,098,317	8,166,700	43,580,806	219,475
Net Pension Liability	74,101,992	44,613,050	35,178,485	83,536,557	6,583,427
Total Long-Term Liabilities	$ 135,786,700	$ 69,037,111	$ 48,821,074	$ 156,002,737	$ 10,582,273

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

- SBE Capital Outlay Bonds. The SBE issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College's portion of the State-assessed motor vehicle license tax and by the State's full faith and credit. The SBE and the SBA administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements.
- Capital Improvement Revenue Bonds, Series 2006A, 2010A and 2018A. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2006A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2006A bonds. The Series 2006A bonds constitute the first series of bonds to be issued pursuant to a Master Authorizing Resolution. The Governing Board authorized the sale of Series 2010A Bonds by the Third Supplemental Resolution adopted on May 11, 2010, which also amended the Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2010A and 2018A bonds will share the lien on the revenues pledged by the colleges participating in such additional bonds. The Series 2010A and 2018A bonds finance the new construction and renovation and remodeling of educational facilities.

The College had the following bonds payable at June 30, 2021:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
SBE Capital Outlay Bonds:			
Series 2020A	$ 1,003,000	2.00-5.00	2030
Florida Department of Education Capital Improvement Revenue Bonds:			
Series 2010A	5,110,000	4.00-4.375	2030
Series 2018A	7,280,000	5.00	2027
Total	$ 13,393,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	SBE Capital Outlay Bonds and Capital Improvement Revenue Bonds		
	Principal	Interest	Total
2022	$ 1,649,000	$ 622,007	$ 2,271,007
2023	1,721,000	544,408	2,265,408
2024	1,799,000	466,237	2,265,237
2025	1,889,000	381,488	2,270,488
2026	1,975,000	292,487	2,267,487
2027-2030	4,360,000	405,669	4,765,669
Total	$ 13,393,000	$ 2,712,296	$ 16,105,296

Installment Purchase Payable. The College has an installment purchase agreement for the purchase of a chiller plant reported at $1,511,514. The stated interest rate is 3.4 percent. At expiration of the lease term, and payment in full of all installment payments and $1, the College will own the equipment free and clear. The installment purchase contains a provision that, in an event of default, the College will cease the use of the equipment and peaceably remove and deliver the equipment, at the College's expense, to a location specified by the lessor. In addition, there is a prepayment premium of the remaining balance equal to 2 percent. Future minimum payments remaining under the installment purchase agreement and the present value of the minimum payments as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Amount
2022	$ 100,376
2023	103,387
2024	106,489
2025	109,684
2026	112,974
2027-2031	617,790
2032-2036	677,382
Total Minimum Payments	1,828,082
Less, Amount Representing Interest	(417,204)
Present Value of Minimum Payments	$ 1,410,878

Capital Leases Payable. Network server equipment in the amount of $3,318,195, copier and printing equipment in the amount of $675,711, audio-visual equipment in the amount of $193,048, and vehicles in the amount of $106,669 are recorded as capital leases. The stated interest rates range from 3.37 percent to 14.11 percent. Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Amount
2022	$ 974,985
2023	651,634
2024	545,819
2025	197,650
2026	88,094
Total Minimum Payments	2,458,182
Less, Amount Representing Interest	(198,238)
Present Value of Minimum Payments	$ 2,259,944

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. 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, 2021, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $11,821,552. The current portion of the compensated absences liability, $1,182,155, is the amount expected to be paid in the coming fiscal year. The current portion of the compensated absences was determined by calculating 10 percent of the compensated absences liability as of June 30, 2021.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain other postemployment benefits administered by the College/Consortium and life insurance benefits through purchased commercial insurance.

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

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

Employees Covered by Benefit Terms. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	49
DROP members	45
Active Employees	1,162
Total	1,256

Total OPEB Liability

The College's total OPEB liability of $43,580,806 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
Real Wage Growth	0.85 percent
Wage Inflation	3.25 percent
Salary increases, including wage inflation	
Regular Employees	3.40-7.80 percent
Senior Management	4.10-8.20 percent
Discount rate-Municipal Bond Index Rate	
Prior Measurement Date	3.50 percent
Measurement Date	2.21 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2026
Medicare	5.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2021

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-2018.

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018, 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, 2020, valuation were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/20	$ 32,649,189
Changes for the year:	
Service Cost	2,308,660
Interest	1,219,275
Changes of Benefit Terms	76,396
Changes in Assumptions or Other Inputs	7,572,244
Benefit Payments	(244,958)
Net Changes	10,931,617
Balance at 6/30/21	$ 43,580,806

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$33,298,080	$43,580,806	$57,860,161

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$33,627,936	$43,580,806	$57,298,710

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

For the fiscal year ended June 30, 2021, the College recognized OPEB expense of $3,465,550. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 748,639	$ -
Change of assumptions or other inputs	6,815,775	6,676,298
Transactions subsequent to the measurement date	219,475	-
Total	$ 7,783,889	$ 6,676,298

Of the total amount reported as deferred outflows of resources related to OPEB, $219,475 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ (138,782)
2023	(138,782)
2024	(138,782)
2025	(138,782)
2026	(138,782)
Thereafter	1,582,026
Total	$ 888,116

Net Pension Liability. As a participating employer in the 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, 2021, the College's proportionate share of the net pension liabilities totaled $83,536,557. Note 10. includes a complete discussion of defined benefit pension plans.

10. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 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 $12,989,050 for the fiscal year ended June 30, 2021.

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* (SMSC) – 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 60 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:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
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 2020-21 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	10.00
FRS, Senior Management Service	3.00	27.29
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The College's contributions to the Plan totaled $5,505,514 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a liability of $60,218,585 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.138939864 percent, which was a decrease of 0.010468145 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $11,602,413. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 2,304,688	$ -
Change of assumptions	10,901,478	-
Net difference between projected and actual earnings on FRS Plan investments	3,585,472	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	30,948	4,851,445
College FRS contributions subsequent to the measurement date	5,505,514	-
Total	$ 22,328,100	$ 4,851,445

The deferred outflows of resources totaling $5,505,514, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 2,186,439
2023	4,198,140
2024	3,559,537
2025	1,920,230
2026	106,795
Total	$ 11,971,141

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 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 2020 valuation was updated from 6.90 percent to 6.80 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 6.80 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 (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
College's proportionate share of the net pension liability	$96,158,960	$60,218,585	$30,201,027

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

Payables to the Pension Plan. At June 30, 2021, the College reported a payable of $48,421 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2021.

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. 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, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 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, 2021, the contribution rate was 1.66 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 $1,077,913 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a net pension liability of $23,317,972 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.190976918 percent, which was a decrease of 0.011435776 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $1,386,637. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 953,846	$ 17,988
Change of assumptions	2,507,347	1,355,849
Net difference between projected and actual earnings on HIS Plan investments	18,617	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	272,967	3,317,190
College contributions subsequent to the measurement date	1,077,913	-
Total	$ 4,830,690	$ 4,691,027

The deferred outflows of resources totaling $1,077,913, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 23,367
2023	(166,535)
2024	(567,895)
2025	(314,565)
2026	(1,918)
Thereafter	89,296
Total	$ (938,250)

Actuarial Assumptions. The total pension liability at July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

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 2.21 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 used in the 2020 valuation was updated from 3.50 percent to 2.21 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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	**Current Discount Rate (2.21%)**	**1% Increase (3.21%)**
College's proportionate share of the net pension liability	$26,954,533	$23,317,972	$20,341,455

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, 2021, the College reported a payable of $9,638 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

11. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67

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, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the College.

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

The College's Investment Plan pension expense totaled $1,939,747 for the fiscal year ended June 30, 2021.

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 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan, for a total of 8.59 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 $414,666 and employee contributions totaled $244,400 for the 2020-21 fiscal year.

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

The Annuity Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. College employees in eligible positions make an irrevocable election to participate in the Annuity Program in lieu of the Senior Management Service Class of FRS and purchase retirement and death benefits through contracts with participating provider companies. The College contributes 6.27 percent of the participant's salary to the participant's account and 19.18 percent to cover the unfunded actuarial liability of the FRS pension plan for a total of 25.45 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by salary reduction, an additional amount not to exceed the percentage contributed by the College. These contributions are invested in the companies selected by the employee to create a fund for the purchase of annuities at retirement.

The College's contributions to the Annuity Program totaled $16,304 and employee contributions totaled $7,801 for the 2020-21 fiscal year.

12. Construction Commitments

The College's construction commitments at June 30, 2021, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Downtown Buildout	$ 2,635,822	$ 2,629,114	$ 6,708
Gibbs Cooling Tower	834,340	491,871	342,469
Smaller Projects (1)	1,246,827	7,000	1,239,827
Total	$ 4,716,989	$ 3,127,985	$ 1,589,004

(1) Individual projects with total commitment of less than $1 million each at June 30, 2021.

13. Operating Lease Commitments

The College leased computer equipment, copiers, and audio-visual equipment under operating leases, with various expiration dates through 2025. These leased assets and the related commitments are not reported on the College's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. Future minimum lease commitments for these noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2022	$ 862,507
2023	594,027
2024	477,706
2025	257,647
Total Minimum Payments Required	$ 2,191,887

14. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to $110 million to February 28, 2021, and up to $100 million from March 1, 2021, for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. Health and hospitalization coverage was added beginning January 1, 2021. Prior to January 1, 2021, the Board was self-insured for its group health and hospitalization for employees, retirees, former employees, and their dependents. The College's liability was limited by the

excess insurance of $350,000 per insured person. The plan was provided by an insurance company licensed by the Florida Office of Insurance Regulation.

Life insurance, dental and eye coverage for employees is provided through purchased commercial insurance. The College contributes employee premiums as a fringe benefit. Employee dependent coverage is by payroll deduction and coverage for retirees, former employees, and their dependents by prepaid premiums.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

15. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 72,829,697
Public Services	83,206
Academic Support	26,897,483
Student Services	23,670,208
Institutional Support	22,035,043
Operation and Maintenance of Plant	18,357,556
Scholarships and Waivers	41,971,454
Depreciation	11,425,004
Auxiliary Enterprises	87,327
Total Operating Expenses	$ 217,356,978

16. Discretely Presented Component Units

The College has three 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			
	St. Petersburg College Foundation, Inc. 3/31/2021	The Leepa-Rattner Museum of Art, Inc. 3/31/2021	Institute for Strategic Policy Solutions, Inc. 3/31/2021	Total
Assets:				
Current Assets	$ 64,681,978	$ 474,188	$ 422,079	$ 65,578,245
Other Noncurrent Assets	32,139,055	17,500	-	32,156,555
Total Assets	96,821,033	491,688	422,079	97,734,800
Liabilities:				
Current Liabilities	27,000	11,705	1,045	39,750
Total Liabilities	27,000	11,705	1,045	39,750
Net Position:				
Restricted Nonexpendable	32,111,406	-	-	32,111,406
Restricted Expendable	60,190,748	83,998	-	60,274,746
Unrestricted	4,491,879	395,985	421,034	5,308,898
Total Net Position	$ 96,794,033	$ 479,983	$ 421,034	$ 97,695,050

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

	Direct-Support Organizations			
	St. Petersburg College Foundation, Inc. 3/31/2021	The Leepa-Rattner Museum of Art, Inc. 3/31/2021	Institute for Strategic Policy Solutions, Inc. 3/31/2021	Total
Operating Revenues	$ 4,740,585	$ 504,221	$ 472,423	$ 5,717,229
Operating Expenses	(5,594,947)	(644,340)	(311,677)	(6,550,964)
Operating Income (Loss)	(854,362)	(140,119)	160,746	(833,735)
Net Nonoperating Revenues	29,058,472	88,586	-	29,147,058
Other Revenues	621,435	-	-	621,435
Increase (Decrease) in Net Position	28,825,545	(51,533)	160,746	28,934,758
Net Position, Beginning of Year	69,002,218	531,516	260,288	69,794,022
Adjustment to Beginning Net Position	(1,033,730)	-	-	(1,033,730)
Net Position, Beginning of Year	67,968,488	531,516	260,288	68,760,292
Net Position, End of Year	$ 96,794,033	$ 479,983	$ 421,034	$ 97,695,050

17. Related Party Transactions

The Foundation holds funds for the Institute for Strategic Policy Solutions, Inc. (Institute). The Institute is a legally separate 501(c)(3) support group organized to advance academic excellence, community engagement, economic vitality and public understanding through high-quality, solutions-directed public policy programs. The Foundation reflects this balance in the financial statements as part of the Investments. During the year ended March 31, 2018, the Foundation transferred to the College $6,338,905 from funds held by the Foundation for the Institute from the Institute's investment earnings.

As discussed in Note 6., this transfer was non-interest bearing and was classified as Due to Component Unit – Noncurrent in the preceding years. The College repaid the transferred amount in June 2021.

18. Subsequent Events

On July 22, 2021, the Florida Department of Education (FDOE) refunded the $5.1 million FDOE Capital Improvement Revenue bond, Series 2010A. The refunding will result in a savings of $1.6 million that will be recognized in the 2021-22 fiscal year.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018	2017 (1)
Total OPEB Liability				
Service cost	$ 2,308,660	$ 2,662,445	$ 2,803,338	$ 3,172,404
Interest	1,219,275	1,225,088	1,063,422	902,828
Changes of benefit terms	76,396	-	-	-
Difference between expected and actual experience	-	685,268	308,683	-
Changes of assumptions or other inputs	7,572,244	(3,507,308)	(2,149,578)	(4,029,653)
Benefit Payments	(244,958)	(143,267)	(337,649)	(2,210)
Net change in total OPEB liability	10,931,617	922,226	1,688,216	43,369
Total OPEB Liability - beginning	32,649,189	31,726,963	30,038,747	29,995,378
Total OPEB Liability - ending	$ 43,580,806	$ 32,649,189	$ 31,726,963	$ 30,038,747
Covered-Employee Payroll (2)	$ 63,528,538	$ 63,528,538	$ 70,877,184	$ 67,676,956
Total OPEB Liability as a percentage of covered-employee payroll	68.60%	51.39%	44.76%	44.39%

(1) The initial year is displayed with the adoption of GASB Statement No. 75 in accordance with paragraph 244.

(2) Covered-employee 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.

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the FRS net pension liability	0.138939864%	0.149408009%	0.158067659%	0.166468397%
College's proportionate share of the FRS net pension liability	$ 60,218,585	$ 51,454,038	$ 47,610,798	$ 49,240,234
College's covered payroll (2)	$ 84,519,177	$ 83,548,024	$ 89,843,140	$ 96,548,044
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	71.25%	61.59%	52.99%	51.00%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required FRS contribution	$ 5,505,514	$ 4,632,729	$ 4,495,419	$ 4,446,167
FRS contributions in relation to the contractually required contribution	(5,505,514)	(4,632,729)	(4,495,419)	(4,446,167)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 81,487,947	$ 84,519,177	$ 83,548,024	$ 89,843,140
FRS contributions as a percentage of covered payroll	6.76%	5.48%	5.38%	4.95%

(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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.172938656%	0.181549298%	0.177383333%	0.158148060%
$ 43,667,146	$ 23,449,527	$ 10,822,992	$ 27,224,320
$ 86,803,263	$ 83,468,575	$ 81,597,410	$ 79,520,264
50.31%	28.09%	13.26%	34.24%
84.88%	92.00%	96.09%	88.54%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 4,334,018	$ 4,235,961	$ 4,426,326	$ 3,885,448
(4,334,018)	(4,235,961)	(4,426,326)	(3,885,448)
$ -	$ -	$ -	$ -
$ 96,548,044	$ 86,803,263	$ 83,468,575	$ 81,597,410
4.49%	4.88%	5.30%	4.76%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the HIS net pension liability	0.190976918%	0.202412694%	0.213501983%	0.229867134%
College's proportionate share of the HIS net pension liability	$ 23,317,972	$ 22,647,954	$ 22,597,290	$ 24,578,454
College's covered payroll (2)	$ 75,511,932	$ 77,388,653	$ 80,477,173	$ 84,916,891
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	30.88%	29.27%	28.08%	28.94%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required HIS contribution	$ 1,077,913	$ 1,108,443	$ 1,086,117	$ 1,145,953
HIS contributions in relation to the contractually required HIS contribution	(1,077,913)	(1,108,443)	(1,086,117)	(1,145,953)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 73,081,230	$ 75,511,932	$ 77,388,653	$ 80,477,173
HIS contributions as a percentage of covered payroll	1.47%	1.47%	1.40%	1.42%

(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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.240551631%	0.232980193%	0.229721475%	0.226924036%
$ 28,035,296	$ 23,760,315	$ 21,479,518	$ 19,756,721
$ 86,803,263	$ 83,468,575	$ 81,597,410	$ 79,520,264
32.30%	28.47%	26.23%	24.84%
0.97%	0.50%	0.99%	1.78%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 1,216,203	$ 1,232,924	$ 890,595	$ 786,949
(1,216,203)	(1,232,924)	(890,595)	(786,949)
$ -	$ -	$ -	$ -
$ 84,916,891	$ 86,803,263	$ 83,468,575	$ 81,597,410
1.43%	1.42%	1.07%	0.96%

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

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

Changes of Assumptions. The Municipal Bond Index Rate used to determine the total OPEB liability decreased from 3.50 percent to 2.21 percent, and discount rate, mortality rates, retirement rates, termination rates, and salary increases were updated.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, and the active member mortality assumption was updated.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
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, the financial statements of the St. Petersburg 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, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 1, 2022, 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.

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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
February 1, 2022

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2022-134
March 2022

TALLAHASSEE COMMUNITY COLLEGE

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2020-21 fiscal year, Dr. James T. Murdaugh served as President of Tallahassee Community College and the following individuals served as Members of the Board of Trustees:

	County
Frank Messersmith, Chair from 8-17-20, Vice Chair through 8-16-20	Wakulla
Eric Grant, Vice Chair from 8-17-20	Leon
Eugene Lamb, Chair through 8-16-20	Gadsden
Donna G. Callaway	Leon
Jonathan A. Kilpatrick	Wakulla
Karen B. Moore	Leon
Randolph Pople through 3-25-21	Gadsden
Charlie Ward Jr. from 3-26-21	Leon

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 Stacy P. Boyd, 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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State of Florida Auditor General

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TALLAHASSEE COMMUNITY COLLEGE

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Tallahassee Community 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 determine whether Tallahassee Community College and its officers with administrative and stewardship responsibilities for College operations had:

- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also 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.

AUDITOR GENERAL
STATE OF FLORIDA

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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

Report on the Financial Statements

We have audited the accompanying financial statements of Tallahassee Community 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, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. 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. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Tallahassee Community College and of its aggregate discretely presented component units as of June 30, 2021, 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.

Other Matter

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**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 2, 2022, on our consideration of the Tallahassee Community 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 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 Tallahassee Community College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
March 2, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

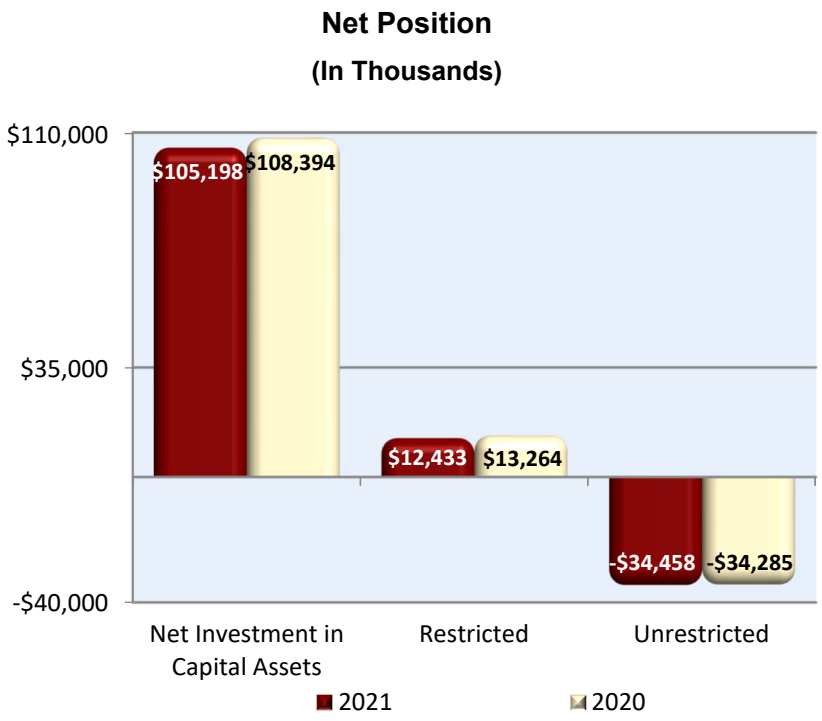
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College for the fiscal years ended June 30, 2021, and June 30, 2020.

FINANCIAL HIGHLIGHTS

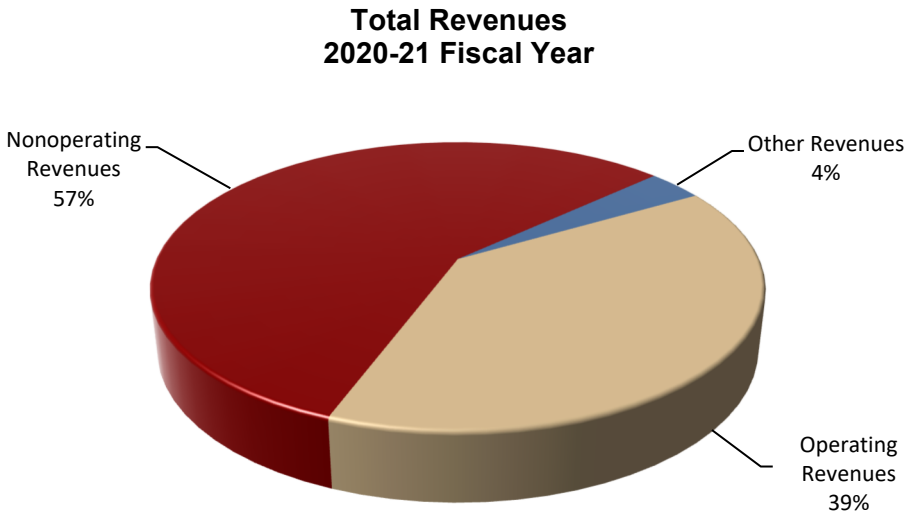
The College's assets and deferred outflows of resources totaled $169.6 million at June 30, 2021. This balance reflects a $1.4 million, or 0.8 percent, increase as compared to the 2019-20 fiscal year, resulting primarily from a $1.7 million increase in deferred outflows of resources. Liabilities and deferred inflows of resources increased by $5.6 million, or 6.9 percent, totaling $86.5 million at June 30, 2021, resulting primarily from a $6.6 million increase in the net pension liability, a $1.6 million increase in the other postemployment benefits payable, offset by a $1.7 million decrease in deferred inflows of resources related to pensions. As a result, the College's net position decreased by $4.2 million, resulting in a year-end balance of $83.2 million.

The College's operating revenues totaled $43.9 million for the 2020-21 fiscal year, representing a $9.3 million, or 27 percent, increase compared to the 2019-20 fiscal year due mainly to a $3.2 million increase in tuition and revenues, and a $5.3 million increase of State contracts. Operating expenses totaled $116.9 million for the 2020-21 fiscal year, representing an increase of $5 million, or 4.5 percent, as compared to the 2019-20 fiscal year due mainly to a $2.3 million increase in student scholarships and waivers, a $1 million increase in contractual services, and a $1.3 million increase in depreciation.

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, 2021, and June 30, 2020, is shown in the following graph:



The following chart provides a graphical presentation of College revenues by category for the 2020-21 fiscal year:



OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2021	2020
Assets		
Current Assets	$ 23,464	$ 15,740
Capital Assets, Net	118,609	122,816
Other Noncurrent Assets	7,582	11,388
Total Assets	149,655	149,944
Deferred Outflows of Resources	19,971	18,307
Liabilities		
Current Liabilities	8,191	6,967
Noncurrent Liabilities	72,530	66,097
Total Liabilities	80,721	73,064
Deferred Inflows of Resources	5,732	7,814
Net Position		
Net Investment in Capital Assets	105,198	108,394
Restricted	12,433	13,264
Unrestricted	(34,458)	(34,285)
Total Net Position	$ 83,173	$ 87,373

Current assets increased primarily due to a $5.3 million increase in accounts receivable for student tuition and fees and $2.1 million increase in due from other governmental agencies for contract and grants. Other noncurrent assets decreased primarily due to a $3.8 million decrease in restricted cash and cash

equivalents and depreciable capital assets, net, decreased $4.3 million due to depreciation expense exceeding the cost of new asset acquisitions, which caused the net investment in capital assets to be reduced. Noncurrent liabilities increased primarily due to an increase in net pension liability of $6.7 million.

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

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

The following summarizes the College's activity for the 2020-21 and 2019-20 fiscal years:

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

(In Thousands)

	2020-21	2019-20
Operating Revenues	$ 43,861	$ 34,541
Less, Operating Expenses	116,929	111,882
Operating Loss	(73,068)	(77,341)
Net Nonoperating Revenues	64,959	64,421
Loss Before Other Revenues	(8,109)	(12,920)
Other Revenues	3,909	3,243
Net Decrease In Net Position	(4,200)	(9,677)
Net Position, Beginning of Year	87,373	97,050
Net Position, End of Year	$ 83,173	$ 87,373

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 2020-21 and 2019-20 fiscal years:

Operating Revenues
For the Fiscal Years

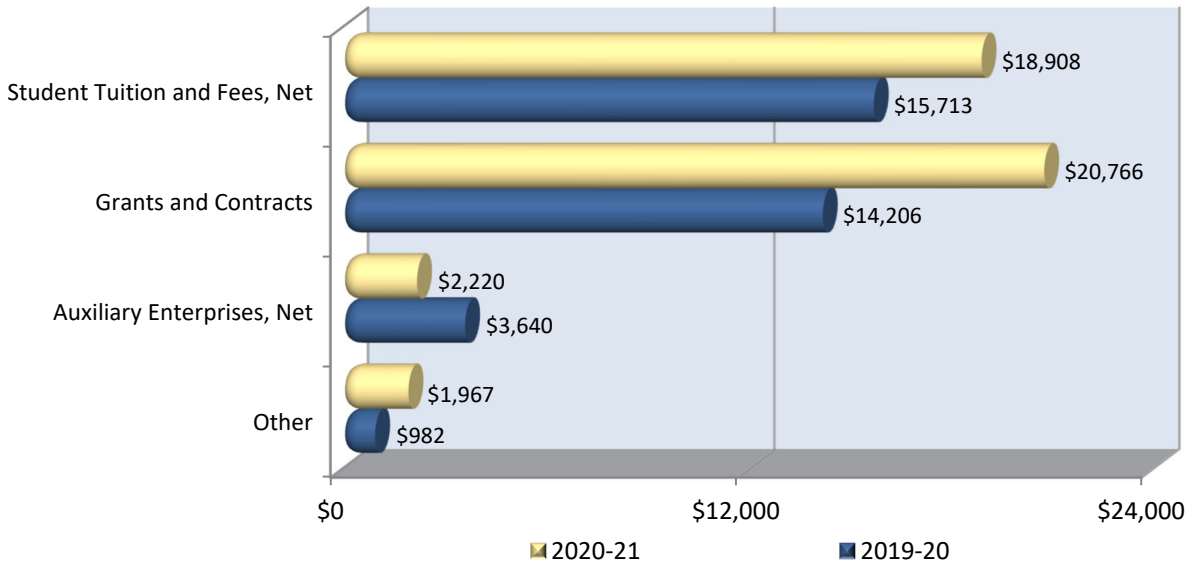
(In Thousands)

	2020-21	2019-20
Student Tuition and Fees, Net	$ 18,908	$ 15,713
Grants and Contracts	20,766	14,206
Auxiliary Enterprises, Net	2,220	3,640
Other	1,967	982
Total Operating Revenues	$ 43,861	$ 34,541

The following chart presents the College's operating revenues for the 2020-21 and 2019-20 fiscal years:

Operating Revenues

(In Thousands)



College operating revenues increased $9.3 million primarily as a result of the following factors: a $3.2 million increase in tuition revenue due to a decrease in scholarship allowance, a $5.3 million increase of State contracts, and a decrease of $1.4 million in auxiliary enterprises due to bookstore closures during the 2020-21 fiscal year due to the coronavirus pandemic.

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 2020-21 and 2019-20 fiscal years:

Operating Expenses
For the Fiscal Years

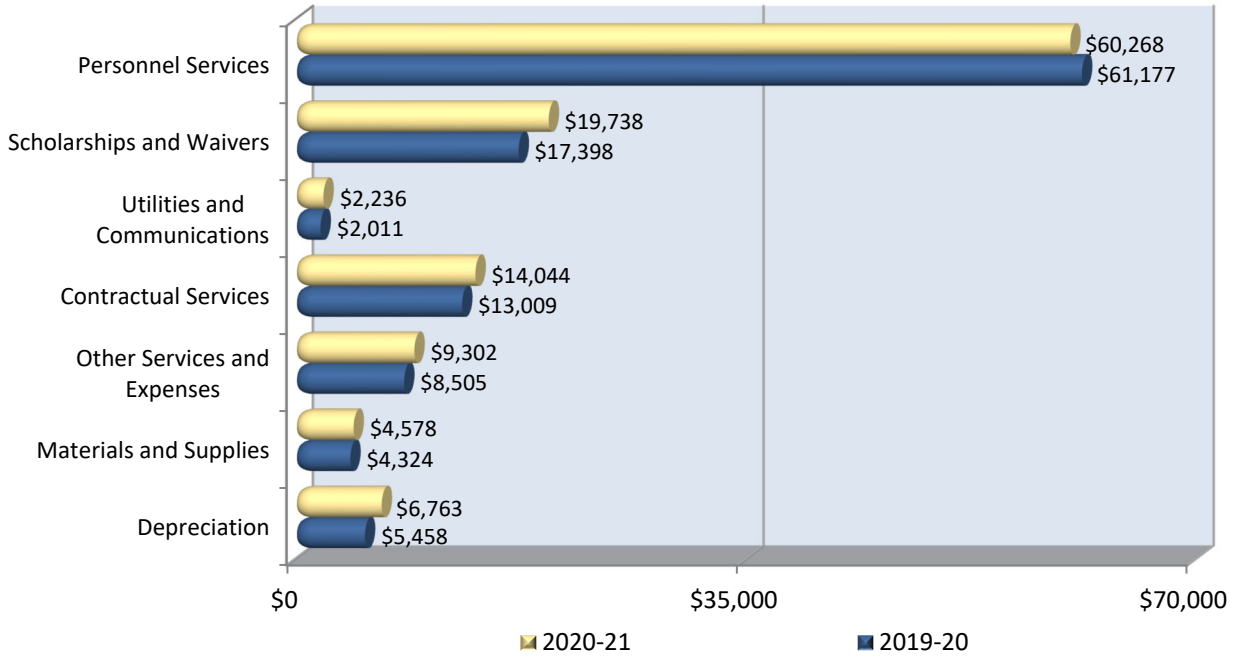
(In Thousands)

	2020-21	2019-20
Personnel Services	$ 60,268	$ 61,177
Scholarships and Waivers	19,738	17,398
Utilities and Communications	2,236	2,011
Contractual Services	14,044	13,009
Other Services and Expenses	9,302	8,505
Materials and Supplies	4,578	4,324
Depreciation	6,763	5,458
Total Operating Expenses	$ 116,929	$ 111,882

The following chart presents the College's operating expenses for the 2020-21 and 2019-20 fiscal years:

Operating Expenses

(In Thousands)



College operating expenses increase of $5 million was primarily due to a $1 million increase in contractual services, a $2.3 million increase in student scholarships and waivers, and a $1.3 million increase in depreciation.

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 2020-21 and 2019-20 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Noncapital Appropriations	$ 34,768	$ 34,709
Federal and State Student Financial Aid	25,244	29,111
Gifts and Grants	5,354	348
Investment Income	25	453
Other Nonoperating Revenues	68	344
Interest on Capital Asset-Related Debt	(500)	(544)
Net Nonoperating Revenues	$ 64,959	$ 64,421

Other Revenues

This category is mainly composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues for the 2020-21 and 2019-20 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Capital Appropriations	$ 716	$ 236
Capital Grants, Contracts, Gifts, and Fees	3,193	3,007
Total	$ 3,909	$ 3,243

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 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
Cash Provided (Used) by:		
Operating Activities	$ (68,853)	$ (65,081)
Noncapital Financing Activities	65,294	64,168
Capital and Related Financing Activities	(270)	(707)
Investing Activities	22	447
Net Decrease in Cash and Cash Equivalents	(3,807)	(1,173)
Cash and Cash Equivalents, Beginning of Year	22,766	23,939
Cash and Cash Equivalents, End of Year	$ 18,959	$ 22,766

Major sources of funds came from State noncapital appropriations ($34.8 million), Federal and State student financial aid ($25.2 million), grants and contracts ($19.6 million), student tuition and fees ($15 million), and Federal Direct Loan program receipts ($12.8 million). Major uses of funds were for payments to employees and for employee benefits ($58.1 million), suppliers ($26.4 million), scholarships ($19.8 million), and disbursements to students for the Federal Direct Loan program ($12.8 million).

Cash used by operating activities increased by $3.8 million primarily due to the increase in payments to students for scholarships of $2.4 million.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the College had $224 million in capital assets, less accumulated depreciation of $105.4 million, for net capital assets of $118.6 million. Depreciation charges for the current fiscal year totaled $6.8 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)

	2021	2020
Land	$ 9,556	$ 9,556
Construction in Progress	6,810	6,707
Buildings	96,141	99,969
Other Structures and Improvements	787	1,005
Furniture, Machinery, and Equipment	278	44
Assets Under Capital Leases	5,037	5,535
Capital Assets, Net	$118,609	$122,816

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, 2021, were incurred on the costs of the development and implementation of the ongoing Enterprise Resource Planning student system project. The College's software commitment at June 30, 2021, is as follows:

	Amount (In Thousands)
Total Committed	$ 8,863
Completed to Date	(6,809)
Balance Committed	$ 2,054

Additional information about the College's software commitment is presented in the notes to financial statements.

Debt Administration

As of June 30, 2021, the College had $12.6 million in outstanding State Board of Education (SBE) capital outlay and capital improvement revenue bonds payable, note payable, and capital leases payable, representing a decrease of $1.3 million, or 9.6 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)

	2021	2020
Florida Department of Education		
Capital Improvement Revenue Bonds	$ 4,615	$ 5,260
SBE Capital Outlay Bonds	1,825	1,972
Note Payable	312	463
Capital Leases	5,848	6,247
Total	$ 12,600	$ 13,942

The SBE issues capital outlay bonds on behalf of the College. During the 2020-21 fiscal year, there were no bond sales. Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2021-22 fiscal year. Other than State appropriations, the College receives the majority of its other operating funds from student tuition and fees. Due to the uncertainty of the economic outlook, and as is usual and customary, the College exercised a conservative approach to budgeting and spending while providing optimal services to the students. While the 2021-22 fiscal year budget was

based upon a flat enrollment level as compared to the prior fiscal year, 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 for Administrative Services, Tallahassee Community College, 444 Appleyard Drive, Tallahassee, Florida 32304.

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

June 30, 2021

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 8,775,840	$ 224,154
Restricted Cash and Cash Equivalents	2,646,368	-
Investments	583,885	2,191,846
Accounts Receivable, Net	7,924,403	578,566
Notes Receivable, Net	11,717	-
Due from Other Governmental Agencies	3,126,729	-
Due from Component Units	354,785	-
Inventories	39,605	-
Deposits Receivable	1,000	-
Total Current Assets	23,464,332	2,994,566
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	7,536,668	692,307
Restricted Investments	45,255	18,026,861
Depreciable Capital Assets, Net	102,242,990	5,191,233
Nondepreciable Capital Assets	16,365,761	-
Total Noncurrent Assets	126,190,674	23,910,401
TOTAL ASSETS	149,655,006	26,904,967
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	4,598,552	-
Pensions	15,372,656	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,971,208	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,935,450	56,265
Salary and Payroll Taxes Payable	1,666,034	-
Retainage Payable	18,678	-
Unearned Revenues	1,351,557	-
Deposits Held for Others	405,006	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	837,000	-
Note Payable	155,000	605,079
Capital Leases Payable	399,153	-
Special Termination Benefits Payable	73,263	-
Compensated Absences Payable	881,862	-
Other Postemployment Benefits Payable	333,516	-
Net Pension Liability	134,802	-
Total Current Liabilities	8,191,321	661,344

	College	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	5,603,000	-
Note Payable	157,000	2,268,703
Capital Leases Payable	5,448,998	-
Special Termination Benefits Payable	390,181	-
Compensated Absences Payable	3,801,128	-
Other Postemployment Benefits Payable	8,839,434	-
Net Pension Liability	48,290,295	-
Total Noncurrent Liabilities	72,530,036	2,268,703
TOTAL LIABILITIES	80,721,357	2,930,047
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	2,190,032	-
Pensions	3,541,856	-
TOTAL DEFERRED INFLOWS OF RESOURCES	5,731,888	-
NET POSITION		
Net Investment in Capital Assets	105,198,357	2,317,451
Restricted:		
Nonexpendable:		
Endowment	-	17,089,503
Expendable:		
Grants and Loans	1,090,350	-
Scholarships	14,645	3,396,073
Capital Projects	11,253,004	-
Debt Service	74,596	-
Unrestricted	(34,457,983)	1,171,893
TOTAL NET POSITION	$ 83,172,969	$ 23,974,920

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

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TALLAHASSEE COMMUNITY 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, 2021

	College	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $10,272,929	$ 18,908,103	$ -
Federal Grants and Contracts	5,697,553	-
State and Local Grants and Contracts	13,361,654	-
Nongovernmental Grants and Contracts	1,707,149	-
Auxiliary Enterprises, Net of Scholarship Allowances of $21,201	2,219,707	-
Other Operating Revenues	1,966,984	2,843,214
Total Operating Revenues	43,861,150	2,843,214
EXPENSES		
Operating Expenses:		
Personnel Services	60,267,606	439,661
Scholarships and Waivers	19,738,382	362,036
Utilities and Communications	2,235,761	-
Contractual Services	14,043,906	254,159
Other Services and Expenses	9,302,495	861,614
Materials and Supplies	4,577,904	139,253
Depreciation	6,763,215	245,409
Total Operating Expenses	116,929,269	2,302,132
Operating Income (Loss)	(73,068,119)	541,082
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	34,768,457	-
Federal and State Student Financial Aid	25,243,607	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	5,354,404	-
Investment Income	24,669	5,984,348
Other Nonoperating Revenues	67,694	-
Interest on Capital Asset-Related Debt	(500,068)	(94,385)
Net Nonoperating Revenues	64,958,763	5,889,963
Income (Loss) Before Other Revenues	(8,109,356)	6,431,045
State Capital Appropriations	716,257	-
Capital Grants, Contracts, Gifts, and Fees	3,193,012	-
Total Other Revenues	3,909,269	-
Increase (Decrease) in Net Position	(4,200,087)	6,431,045
Net Position, Beginning of Year	87,373,056	17,543,875
Net Position, End of Year	$ 83,172,969	$ 23,974,920

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

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

For the Fiscal Year Ended June 30, 2021

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 15,018,845
Grants and Contracts	19,554,492
Payments to Suppliers	(26,352,791)
Payments for Utilities and Communications	(2,235,761)
Payments to Employees	(45,047,538)
Payments for Employee Benefits	(13,096,127)
Payments for Scholarships	(19,772,484)
Loans Issued to Students	(142,730)
Auxiliary Enterprises, Net	1,690,574
Other Receipts	1,530,493
Net Cash Used by Operating Activities	(68,853,027)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	34,768,457
Federal and State Student Financial Aid	25,189,062
Federal Direct Loan Program Receipts	12,783,531
Federal Direct Loan Program Disbursements	(12,801,783)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	5,354,404
Net Cash Provided by Noncapital Financing Activities	65,293,671
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	811,486
Capital Grants and Gifts	3,193,012
Insurance Recovery	67,694
Purchases of Capital Assets	(2,500,386)
Principal Paid on Capital Debt and Leases	(1,342,152)
Interest Paid on Capital Debt and Leases	(500,068)
Net Cash Used by Capital and Related Financing Activities	(270,414)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(2,459)
Investment Income	24,669
Net Cash Provided by Investing Activities	22,210
Net Decrease in Cash and Cash Equivalents	(3,807,560)
Cash and Cash Equivalents, Beginning of Year	22,766,436
Cash and Cash Equivalents, End of Year	$ 18,958,876

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (73,068,119)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	6,763,215
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(5,554,129)
Due From Other Governmental Agencies	(2,052,380)
Due From Component Unit	(334,071)
Inventories	10,729
Notes Receivable	15,748
Accounts Payable	1,550,168
Salaries and Payroll Taxes Payable	(935,973)
Unearned Revenue	931,170
Deposits Held for Others	(436,491)
Special Termination Benefits Payable	4,687
Compensated Absences Payable	(263,535)
Other Postemployment Benefits Payable	1,634,332
Net Pension Liability	6,628,114
Deferred Outflows of Resources Related to Pensions	(1,329,167)
Deferred Outflows of Resources Related to OPEB	(335,035)
Deferred Inflows of Resources Related to Pensions	(1,745,378)
Deferred Inflows of Resources Related to OPEB	(336,912)
NET CASH USED BY OPERATING ACTIVITIES	$ (68,853,027)

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

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

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

- Tallahassee Community College Foundation, Inc. (Foundation): This legally separate organization provides funding and services to support and foster the pursuit of higher education at the College and is governed by a separate board.
- Public Safety Academy Housing, Inc. (PSAH): This legally separate organization was established to obtain financing to construct a 200-room housing facility for students at the College's Florida Public Safety Institute. The housing facility was completed on January 4, 2006. Upon completion, PSAH executed an agreement with the College whereby the College leases the housing facility from PSAH and is responsible for operating and maintaining the facility. In exchange, PSAH receives a monthly lease payment in the amount of its mortgage payments and operating expenses. During the 2020-21 fiscal year, the lease and note transactions accounted for substantially all of the PSAH financial activity.

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

The Foundation and PSAH are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's and the PSAH's audited financial statements are available to the public and can be obtained from the College. The financial data reported on the accompanying financial

statements was derived from the Foundation's and the PSAH's audited financial statements for the fiscal year ended March 30, 2021. 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 the accrual basis of accounting, and the Foundation follows FASB standards of accounting and financial reporting for not-for-profit organizations. The PSAH follows GASB standards of accounting and financial reporting.

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, 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. In prior fiscal years, the College applied the "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the College computed these amounts by allocating the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid. During the 2020-21 fiscal year, the College applied the "Direct Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the scholarship allowance. Under the Direct Method, a case-by-case methodology is used to specifically identify and apply financial aid and institutional resources to student 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. The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, and cash invested with the State Board of Administration (SBA) Florida PRIME investment pool. For reporting cash flows, the College considers all highly liquid investments with original maturities of 3 months or less, that are not held solely for income or profit, to be cash equivalents. Under this definition, the College considers amounts invested in the SBA Florida PRIME investment pool to be cash equivalents.

College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, 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, 2021, the College reported as cash equivalents $57,128 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 50 days as of June 30, 2021. 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, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Capital Assets. College capital assets consist of land, construction in progress, buildings, other structures and improvements, furniture, machinery, and equipment, and assets under capital leases. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of $5,000 for tangible personal property and $25,000 to $65,000 for buildings and other structures and improvements. Depreciation is computed on 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
- Assets Under Capital Leases – 5 to 16 years

Land, buildings, and equipment of the College's component units are stated at cost, except for donated property, which is stated at fair market value at the date of donation and is net of accumulated depreciation of $3,893,207. The College's component units depreciated buildings and equipment over an estimated useful life of 39 years for buildings and improvements and from 5 to 7 years for furniture and equipment.

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, note payable, capital leases payable, 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. 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.

Fund	Net Position
Current Funds - Unrestricted	$ (36,552,794)
Auxiliary Funds	2,094,811
Total	$ (34,457,983)

3. Investments

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

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

Fair Value Measurement. The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active

markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The College's investments at June 30, 2021, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)
SBA Debt Service Accounts	$ 45,255	$ 45,255
Certificates of Deposit	583,885	583,885
Total investments measured at fair value	$ 629,140	$ 629,140

State Board of Administration Debt Service Accounts. The College reported investments totaling $45,255 at June 30, 2021, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Certificates of Deposit. The College reported investments totaling $583,885 at June 30, 2021, in certificates of deposits (CDs) with two banks. The investments in these CDs were fully insured by the Federal Deposit Insurance Corporation, with the exception of $122,519. The CDs carry original maturity dates of 12 months with annual percentage interest rates between 0.20 and 1.60 percent.

Component Units Investments. Investments reported by the College's component units consisted of those held by the Foundation at March 31, 2021, and are reported at fair value as follows:

Investment Type	Net Position
Mutual Funds	$ 18,026,861
Money Market Funds	2,191,846
Total	$ 20,218,707

4. 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, unused credit memos, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a $1,264,199 allowance for doubtful accounts.

5. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of $451,763 of Public Education Capital Outlay allocations due from the State for construction of College facilities and $2,087,924 due from Federal and State agencies for contracts and grants and other services.

6. Due From Component Units

The $354,785 reported as due from component units consists of $351,197 and $3,588 owed by the Foundation and PSAH, respectively, to the College for building renovations funded by the Foundation and rental fees from the PSAH. The amounts were invoiced to the component units in June 2021.

The College's financial statements are reported for the fiscal year ended June 30, 2021. The component units' financial statements are reported for the fiscal year ended March 31, 2021. Accordingly, amounts reported as due from component units on the statement of net position do not have a corresponding amount reported as due to College by the component units.

7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 9,556,301	$ -	$ -	$ 9,556,301
Construction in Progress	6,707,303	589,420	487,263	6,809,460
Total Nondepreciable Capital Assets	$ 16,263,604	$ 589,420	$ 487,263	$ 16,365,761
Depreciable Capital Assets:				
Buildings	$ 173,520,511	$ 1,820,679	$ -	$ 175,341,190
Other Structures and Improvements	14,147,553	-	-	14,147,553
Furniture, Machinery, and Equipment	10,499,189	632,792	-	11,131,981
Assets Under Capital Leases	7,031,697	-	-	7,031,697
Total Depreciable Capital Assets	205,198,950	2,453,471	-	207,652,421
Less, Accumulated Depreciation:				
Buildings	73,551,898	5,648,210	-	79,200,108
Other Structures and Improvements	13,142,309	217,788	-	13,360,097
Furniture, Machinery, and Equipment	10,455,455	398,366	-	10,853,821
Assets Under Capital Leases	1,496,554	498,851	-	1,995,405
Total Accumulated Depreciation	98,646,216	6,763,215	-	105,409,431
Total Depreciable Capital Assets, Net	$ 106,552,734	$ (4,309,744)	$ -	$ 102,242,990

8. Unearned Revenue

Unearned revenue at June 30, 2021, includes State grants for which the College had not yet earned the revenue, and student tuition and fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2021, the College reported the following amounts as unearned revenue:

Description	Amount
Contracts and Grants	$ 1,107,516
Student Tuition and Fees	244,041
Total	$ 1,351,557

9. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 7,232,000	$ -	$ 792,000	$ 6,440,000	$ 837,000
Note Payable	463,000	-	151,000	312,000	155,000
Capital Leases Payable	6,247,303	-	399,152	5,848,151	399,153
Special Termination Benefits Payable	458,758	168,477	163,791	463,444	73,263
Compensated Absences Payable	4,946,525	314,414	577,949	4,682,990	881,862
Other Postemployment Benefits Payable	7,538,618	1,801,090	166,758	9,172,950	333,516
Net Pension Liability	41,796,983	24,415,474	17,787,360	48,425,097	134,802
Total Long-Term Liabilities	$ 68,683,187	$ 26,699,455	$ 20,038,010	$ 75,344,632	$ 2,814,596

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

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

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

The College had the following bonds payable at June 30, 2021:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
SBE Capital Outlay Bonds:			
Series 2019A	$ 1,520,000	5	2029
Series 2020A	305,000	2 - 5	2030
Florida Department of Education Capital Improvement Revenue Bonds:			
Series 2018A	4,615,000	5	2027
Total	$ 6,440,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	SBE Capital Outlay Bonds and Capital Improvement Revenue Bonds		
	Principal	Interest	Total
2022	$ 837,000	$ 321,130	$ 1,158,130
2023	883,000	279,280	1,162,280
2024	937,000	236,000	1,173,000
2025	996,000	189,150	1,185,150
2026	1,050,000	139,350	1,189,350
2027-2030	1,737,000	137,150	1,874,150
Total	$ 6,440,000	$ 1,302,060	$ 7,742,060

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

Also, on November 10, 2014, the PSAH executed another mortgage note payable for improvements to the property. The amount of the note is $575,000 with an interest rate of 3.99 percent until August 31, 2019, and thereafter a floating rate equal to 70 percent of the prime rate of JPMorgan Chase Bank, with a floor in all cases of 3.25 percent; payable in monthly installments of principal and interest, maturing June 1, 2025. The note is collateralized by a leasehold mortgage in real estate and first priority security interest in all personal property located at the facility. The note is also collateralized by the assignment of rents and leases related to the housing facility. Annual requirements to amortize the outstanding notes as of March 31, 2021, are as follows:

Fiscal Year Ending March 31	Principal	Interest	Total
2022	$ 605,079	$ 60,503	$ 665,582
2023	678,643	49,759	728,402
2024	698,651	32,304	730,955
2025	719,417	14,310	733,727
2026	171,992	710	172,702
Total	$ 2,873,782	$ 157,586	$ 3,031,368

Note Payable. On May 18, 2016, the College borrowed $1,032,000, at a stated interest rate of 2.31 percent, to finance the cost of the advanced manufacturing training facility. The interest rate for this note was reduced to 1.80 percent beginning on April 1, 2017. The note matures on October 1, 2023, and principal and interest payments are made biannually in April and October of each year. The College uses fee sources to pledge to repay the bank note. The note includes provisions that in an event of default, the bank will seek to enforce its rights through legal proceedings to require the Board to meet its obligations under the note agreement. Further, the bank note contains provisions that in the event of default, the bank may accelerate payment for all principal and interest due under the note. Annual requirements to amortize the outstanding note as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 155,000	$ 4,923	$ 159,923
2023	157,000	2,124	159,124
Total	$ 312,000	$ 7,047	$ 319,047

Capital Leases Payable. Energy saving equipment in the amount of $6,806,160 and computer equipment in the amount of $225,537 are being acquired under capital lease agreements. The stated interest rates are 2.21 and 4.10 percent, respectively. Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Amount
2022	$ 550,980
2023	517,394
2024	533,141
2025	549,361
2026	566,067
2027-2031	3,098,995
2032-2033	846,642
Total Minimum Payments	6,662,580
Less, Amount Representing Interest	814,429
Present Value of Minimum Payments	$ 5,848,151

Special Termination Benefits Payable. Under a Board-established Retirement Incentive Program, employees who were hired prior to July 1, 1995, and elect to retire within 36 months from the achievement

of normal retirement, as defined in Sections 121.091 and 238.07, Florida Statutes, receive an incentive payment of 10 percent based on their salary at retirement. In addition, the employee receives payment for a maximum of 1,440 hours of sick leave. The College reported a special termination benefits payable of $463,444 as of June 30, 2021, for 14 employees who gave notice to retire under the Retirement Incentive Program, of which $73,263 represents the current portion.

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. 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, 2021, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $4,682,990. The current portion of the compensated absences liability, $881,862, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	48
Inactive Employees Entitled to But Not Yet Receiving Benefits	47
Active Employees	669
Total	764

Total OPEB Liability

The College's total OPEB liability of $9,172,950 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	2.21 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2026
Medicare	5.00 percent for 2019 decreasing to an ultimate rate of 4.60 percent by 2021
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 improvement using Scale MP-2018.

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018, 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, 2020, valuation were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/20	$ 7,538,618
Changes for the year:	
Service Cost	386,199
Interest	274,476
Changes in Assumptions or Other Inputs	1,140,415
Benefit Payments	(166,758)
Net Changes	1,634,332
Balance at 6/30/21	$ 9,172,950

There were no changes of benefit terms since the prior Measurement Date.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$11,097,195	$9,172,950	$7,662,409

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$7,303,510	$9,172,950	$11,757,403

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

For the fiscal year ended June 30, 2021, the College recognized OPEB expense of $962,385. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,569,506	$ -
Change of assumptions or other inputs	1,029,046	2,190,032
Total	$ 4,598,552	$ 2,190,032

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 301,710
2023	301,710
2024	301,710
2025	301,710
2026	301,710
Thereafter	899,970
Total	$ 2,408,520

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, 2021, the College's proportionate share of the net pension liabilities totaled $48,425,097. Note 10. includes a complete discussion of defined benefit pension plans.

10. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 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 $7,307,742 for the fiscal year ended June 30, 2021.

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* (SMSC) – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 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 60 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:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
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
Special Risk Class	3.00

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 2020-21 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	10.00
FRS, Senior Management Service	3.00	27.29
FRS, Special Risk	3.00	24.45
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The College's contributions to the Plan totaled $2,935,995 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a liability of $35,511,947 for its

proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.081935255 percent, which was a decrease of 0.003816429 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $6,737,242. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,359,114	$ -
Change of assumptions	6,428,793	-
Net difference between projected and actual earnings on FRS Plan investments	2,114,415	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	-	1,811,178
College FRS contributions subsequent to the measurement date	2,935,995	-
Total	$ 12,838,317	$ 1,811,178

The deferred outflows of resources totaling $2,935,995, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 1,440,361
2023	2,732,885
2024	2,360,226
2025	1,359,098
2026	198,574
Total	$ 8,091,144

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 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 2020 valuation was updated from 6.90 percent to 6.80 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 6.80 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 (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
College's proportionate share of the net pension liability	$56,706,611	$35,511,947	$17,810,071

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. 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, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 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, 2021, the contribution rate was 1.66 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 $607,272 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the College reported a net pension liability of $12,913,150 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The College's proportionate share of the net pension liability was based on the College's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the College's proportionate share was 0.105760212 percent, which was a decrease of 0.003859033 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the College recognized pension expense of $570,500. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 528,226	$ 9,962
Change of assumptions	1,388,531	750,849
Net difference between projected and actual earnings on HIS Plan investments	10,310	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	-	969,867
College contributions subsequent to the measurement date	607,272	-
Total	$ 2,534,339	$ 1,730,678

The deferred outflows of resources totaling $607,272, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ (23,238)
2023	23,336
2024	(67,640)
2025	42,301
2026	116,276
Thereafter	105,354
Total	$ 196,389

Actuarial Assumptions. The total pension liability at July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

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 2.21 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 used in the 2020 valuation was updated from 3.50 percent to 2.21 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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
College's proportionate share of the net pension liability	$14,927,023	$12,913,150	$11,264,799

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.

11. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, 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 $969,448 for the fiscal year ended June 30, 2021.

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 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan, for a total of 8.59 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 $133,643 and employee contributions totaled $46,674 for the 2020-21 fiscal year.

12. Software Commitment

The College's software commitment at June 30, 2021, was as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Enterprise Resource Planning System Architect/Other	$ 8,863,308	$ 6,809,460	$ 2,053,848

13. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to $110 million to February 28, 2021, and up to $100 million from March 1, 2021, 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.

14. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 35,731,985
Academic Support	7,052,049
Student Services	7,423,213
Institutional Support	25,868,412
Operation and Maintenance of Plant	10,470,495
Scholarships and Waivers	19,738,382
Depreciation	6,763,215
Auxiliary Enterprises	3,881,518
Total Operating Expenses	$ 116,929,269

15. Discretely Presented Component Units

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

Condensed Statement of Net Position

	Direct-Support Organizations		
	Tallahassee Community College Foundation, Inc. 3/31/2021	Public Safety Academy Housing, Inc. 3/31/2021	Total
Assets:			
Current Assets	$ 2,978,868	$ 15,698	$ 2,994,566
Capital Assets, Net	-	5,191,233	5,191,233
Other Noncurrent Assets	18,719,168	-	18,719,168
Total Assets	21,698,036	5,206,931	26,904,967
Liabilities:			
Current Liabilities	56,265	605,079	661,344
Noncurrent Liabilities	-	2,268,703	2,268,703
Total Liabilities	56,265	2,873,782	2,930,047
Net Position:			
Net Investment in Capital Assets	-	2,317,451	2,317,451
Restricted Nonexpendable	17,089,503	-	17,089,503
Restricted Expendable	3,396,073	-	3,396,073
Unrestricted	1,156,195	15,698	1,171,893
Total Net Position	$ 21,641,771	$ 2,333,149	$ 23,974,920

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

	Direct-Support Organizations		
	Tallahassee Community College Foundation, Inc. 3/31/2021	Public Safety Academy Housing, Inc. 3/31/2021	Total
Operating Revenues	$ 2,076,495	$ 766,719	$ 2,843,214
Depreciation Expense	-	(245,409)	(245,409)
Operating Expenses	(2,049,410)	(7,313)	(2,056,723)
Operating Income	27,085	513,997	541,082
Nonoperating Revenues (Expenses):			
Investment Income	5,984,348	-	5,984,348
Interest Expense	-	(94,385)	(94,385)
Total Nonoperating Revenues (Expenses)	5,984,348	(94,385)	5,889,963
Increase in Net Position	6,011,433	419,612	6,431,045
Net Position, Beginning of Year	15,630,338	1,913,537	17,543,875
Net Position, End of Year	$ 21,641,771	$ 2,333,149	$ 23,974,920

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	$ 386,199	$ 268,305	$ 280,611	$ 312,412
Interest	274,476	192,211	180,752	157,338
Difference between expected and actual experience	-	4,624,012	-	-
Changes of assumptions or other inputs	1,140,415	(2,267,626)	(254,088)	(471,395)
Benefit Payments	(166,758)	(485,332)	(153,728)	(143,003)
Net change in total OPEB liability	1,634,332	2,331,570	53,547	(144,648)
Total OPEB Liability - beginning	7,538,618	5,207,048	5,153,501	5,298,149
Total OPEB Liability - ending	$ 9,172,950	$ 7,538,618	$ 5,207,048	$ 5,153,501
Covered-Employee Payroll	$34,393,702	$34,393,702	$34,128,848	$34,128,848
Total OPEB Liability as a percentage of covered-employee payroll	26.67%	21.92%	15.26%	15.10%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the FRS net pension liability	0.081935255%	0.085751684%	0.087363886%	0.090978117%
College's proportionate share of the FRS net pension liability	$ 35,511,947	$ 29,531,686	$ 26,314,455	$ 26,919,953
College's covered payroll (2)	$ 38,774,680	$ 38,673,065	$ 38,545,799	$ 38,764,986
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	91.59%	76.36%	68.27%	69.44%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required FRS contribution	$ 2,935,995	$ 2,513,296	$ 2,663,149	$ 2,491,795
FRS contributions in relation to the contractually required contribution	(2,935,995)	(2,513,296)	(2,663,149)	(2,491,795)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 38,408,049	$ 38,774,680	$ 38,673,065	$ 38,545,799
FRS contributions as a percentage of covered payroll	7.64%	6.48%	6.89%	6.46%

(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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.093554556%	0.101124645%	0.108531737%	0.107545498%
$ 23,622,599	$ 13,061,604	$ 6,622,032	$ 18,513,367
$ 37,908,655	$ 39,130,532	$ 41,223,425	$ 45,155,227
62.31%	33.38%	16.06%	41.00%
84.88%	92.00%	96.09%	88.54%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 2,392,006	$ 2,281,477	$ 2,465,505	$ 2,377,306
(2,392,006)	(2,281,477)	(2.465,505)	(2,377.306)
$ -	$ -	$ -	$ -
$ 38,764,986	$ 37,908,655	$ 39,130,532	$ 41,223,425
6.17%	6.02%	6.30%	5.77%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
College's proportion of the HIS net pension liability	0.105760212%	0.109619245%	0.111640564%	0.113141780%
College's proportionate share of the HIS net pension liability	$ 12,913,150	$ 12,265,297	$ 11,816,163	$ 12,097,641
College's covered payroll (2)	$ 36,813,716	$ 36,648,515	$ 36,354,316	$ 36,600,741
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.08%	33.47%	32.50%	33.05%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%

(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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required HIS contribution	$ 607,272	$ 608,396	$ 606,014	$ 603,482
HIS contributions in relation to the contractually required HIS contribution	(607,272)	(608,396)	(606,014)	(603,482)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 36,582,647	$ 36,813,716	$ 36,648,515	$ 36,354,316
HIS contributions as a percentage of covered payroll	1.66%	1.65%	1.65%	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.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.113921024%	0.119641288%	0.128963797%	0.144080709%
$ 13,277,023	$ 12,201,529	$ 12,058,430	$ 12,544,120
$ 37,908,655	$ 39,130,532	$ 41,223,425	$ 45,155,227
35.02%	31.18%	29.25%	27.78%
0.97%	0.50%	0.99%	1.78%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 600,208	$ 583,918	$ 457,343	$ 441,787
(600,208)	(583,918)	(457,343)	(441,787)
$ -	$ -	$ -	$ -
$ 36,600,741	$ 37,908,655	$ 39,130,532	$ 41,223,425
1.64%	1.54%	1.17%	1.07%

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

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

Changes of Assumptions. In 2020, amounts reported as changes of assumptions resulted primarily from adjustments to the mortality and retirement dates, combined with salary increases. The municipal rate to determine total OPEB liability also decreased from 3.50 percent to 2.21 percent.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, and the active member mortality assumption was updated.

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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, the financial statements of the Tallahassee Community 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, 2021, 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 2, 2022, 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.

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 may exist that have not been identified.

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 2, 2022