STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2025-117
February 2025

ST. JOHNS RIVER STATE COLLEGE

For the Fiscal Year Ended
June 30, 2024

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2023-24 fiscal year, Mr. Joe H. Pickens, J.D., served as President of St. Johns River State College and the following individuals served as Members of the Board of Trustees:

	County
Rich Komando, Chair from 8-9-23, Vice Chair through 8-8-23	Confidential [a]
Jan Conrad, Vice Chair from 8-9-23	St. Johns
Wendell D. Davis, Chair through 8-8-23	Clay
Makayla Buchanan through 10-18-23 [b]	Clay
James E. Reid	Putnam
W.J. Sapp Jr.	Clay

[a] County is confidential pursuant to Section 119.071(4), Florida Statutes.
[b] Trustee position vacant from 10-19-23, through 6-30-24.

Note: One Trustee position was vacant the entire period.

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

The team leader was Lenia T. Blades, and the audit was supervised by Ivo Njabe, 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. JOHNS RIVER STATE COLLEGE

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SUMMARY

Summary of Report on the Audit of the Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

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

Audit Methodology

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

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of St. Johns River State College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of St. Johns River State College and of its aggregate discretely presented component units as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns as of June 30, 2024. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2025, on our consideration of the St. Johns River State College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
February 18, 2025

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, 2024, 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, 2024, and June 30, 2023, and its discretely presented component units, the St. Johns River State College Foundation, Inc. for the fiscal years ended March 31, 2024, and March 31, 2023, and the St. Johns River State College Student Housing Corporation for the fiscal year ended March 31, 2024.

FINANCIAL HIGHLIGHTS

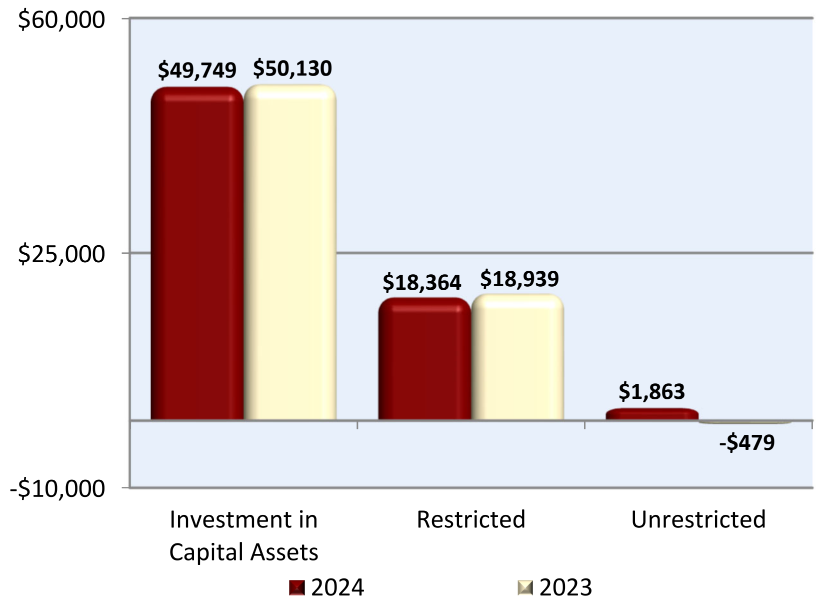
The College's assets and deferred outflows of resources totaled $103.5 million at June 30, 2024. This balance reflects a $4.6 million, or 4.7 percent, increase as compared to the 2022-23 fiscal year, resulting primarily from a $7 million increase in investments, and a $0.2 million increase in accounts receivable, offset by a $0.9 million decrease in unrestricted cash and cash equivalents, a $0.7 million decrease in due from other governmental agencies, a $0.6 million decrease in deferred outflows and a decrease in capital assets, net of depreciation, of $0.4 million. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources increased by $3.2 million, or 10.6 percent, totaling $33.5 million at June 30, 2024, resulting primarily from a $1.7 million increase in the net pension liability, an increase in deferred inflows of resources of $1.4 million, a $0.6 million increase in compensated absences payable, offset by a $0.5 million decrease in other postemployment benefits payable. As a result, the College's net position increased by $1.4 million, resulting in a year-end balance of $70 million.

The College's operating revenues totaled $13.4 million for the 2023-24 fiscal year, representing a 14.1 percent increase compared to the 2022-23 fiscal year due to an increase of $1.1 million in net student tuition and fees and an increase in net auxiliary enterprises of $0.6 million. Operating expenses totaled $63.6 million for the 2023-24 fiscal year, representing an increase of 15.5 percent as compared to the 2022-23 fiscal year. This increase resulted primarily from a $6.8 million increase in personnel services, a $1.5 million increase in scholarships and waivers, a $0.6 million increase in contractual services, and a $0.3 million increase in other services and expenses, offset by a $0.6 million decrease in materials and supplies.

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, 2024, and June 30, 2023, is shown in the following graph:

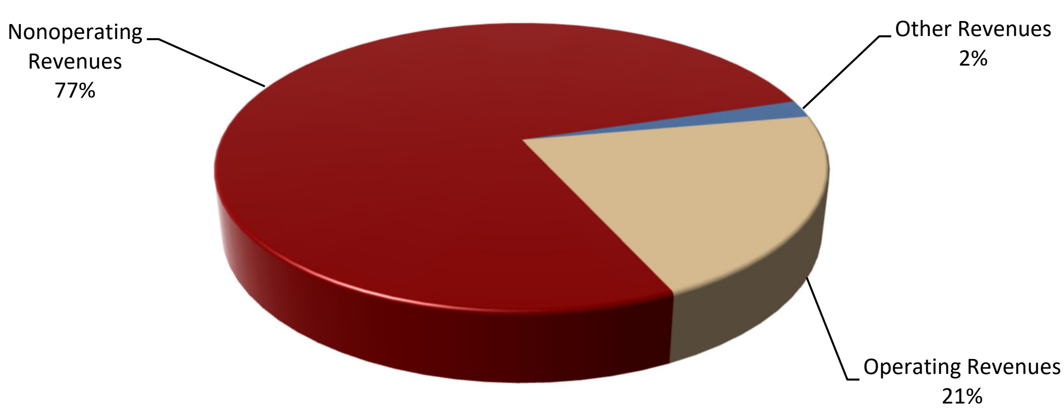
Net Position

(In Thousands)



The following chart provides a graphical presentation of College revenues by category for the 2023-24 fiscal year:

Total Revenues
2023-24 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, the St. Johns River State College Foundation, Inc. (Foundation) and the St. Johns River State College Student Housing Corporation (Housing Corp). Based on the application of the criteria for determining component units, the Foundation and the Housing Corp are included within the College reporting entity as discretely presented component units.

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 and its component units, using the accrual basis of accounting, and presents the financial position of the College and its component units 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 assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College and its component units for the respective fiscal years ended:

Condensed Statement of Net Position

(In Thousands)

	College		Component Units	
	6-30-24	**6-30-23**	**3-31-24**	**3-31-23**
Assets				
Current Assets	$ 34,401	$ 28,841	$ 6,887	$ 5,410
Capital Assets, Net	49,749	50,130	-	-
Other Noncurrent Assets	12,114	12,085	3,538	3,501
Total Assets	96,264	91,056	10,425	8,911
Deferred Outflows of Resources	7,255	7,861	-	-
Liabilities				
Current Liabilities	2,142	2,144	16	11
Noncurrent Liabilities	27,834	26,065	64	70
Total Liabilities	29,976	28,209	80	81
Deferred Inflows of Resources	3,567	2,118	135	119
Net Position				
Investment in Capital Assets	49,749	50,130	-	-
Restricted	18,364	18,939	7,059	6,094
Unrestricted	1,863	(479)	3,151	2,617
Total Net Position	$ 69,976	$ 68,590	$ 10,210	$ 8,711

The $5.6 million increase in current assets was primarily due to purchases of additional certificates of deposit investments of $7 million. Additionally, accounts receivable increased $0.2 million primarily related to changes in third party charges. The increases in investments and accounts receivable were offset by a decrease of $0.9 million in unrestricted cash and cash equivalents, largely related to a reduction in cash for Thrasher Horne and Bookstore operations. There was also a $0.7 million decrease in due from other governmental agencies resulting primarily from payments received from the State totaling $0.6 million for deferred maintenance projects. The $0.6 million decrease in the College's deferred outflows of resources resulted mainly from pension-related adjustments required by GASB Statement No. 68, and other postemployment benefits adjustments required by GASB Statement No. 75. The decrease in capital assets is primarily due to a $0.9 million increase in furniture, machinery and equipment, offset by a $2.2 million increase in accumulated depreciation.

The increase in noncurrent liabilities is due to a $1.7 million and a $0.6 million increase in the College's net pension liability and compensated absences, respectively, offset by a $0.5 million decrease in other postemployment benefits adjustments required by GASB Statement No. 75. The increase in the College's deferred inflows of resources resulted from a $1 million increase in pension-related adjustments required by GASB Statement No. 68, and a $0.4 million increase in other postemployment benefits adjustments required by GASB Statement No. 75.

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

The statement of revenues, expenses, and changes in net position presents the College's and its component units' 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 and its component units' activity for the respective fiscal years ended:

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

(In Thousands)

	College		Component Units	
	6-30-24	**6-30-23**	**3-31-24**	**3-31-23**
Operating Revenues	$ 13,447	$ 11,786	$ 636	$ 1,080
Less, Operating Expenses	63,571	55,028	658	672
Operating Income (Loss)	(50,124)	(43,242)	(22)	408
Net Nonoperating Revenues (Expenses)	50,239	40,431	1,503	(479)
Income (Loss) Before Other Revenues	115	(2,811)	1,481	(71)
Other Revenues	1,271	7,370	18	62
Net Increase (Decrease) In Net Position	1,386	4,559	1,499	(9)
Net Position, Beginning of Year	68,590	64,031	8,711	8,720
Net Position, End of Year	$ 69,976	$ 68,590	$ 10,210	$ 8,711

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 for the College and its component units by source that were used to fund operating activities for the respective fiscal years ended:

Operating Revenues
For the Fiscal Years

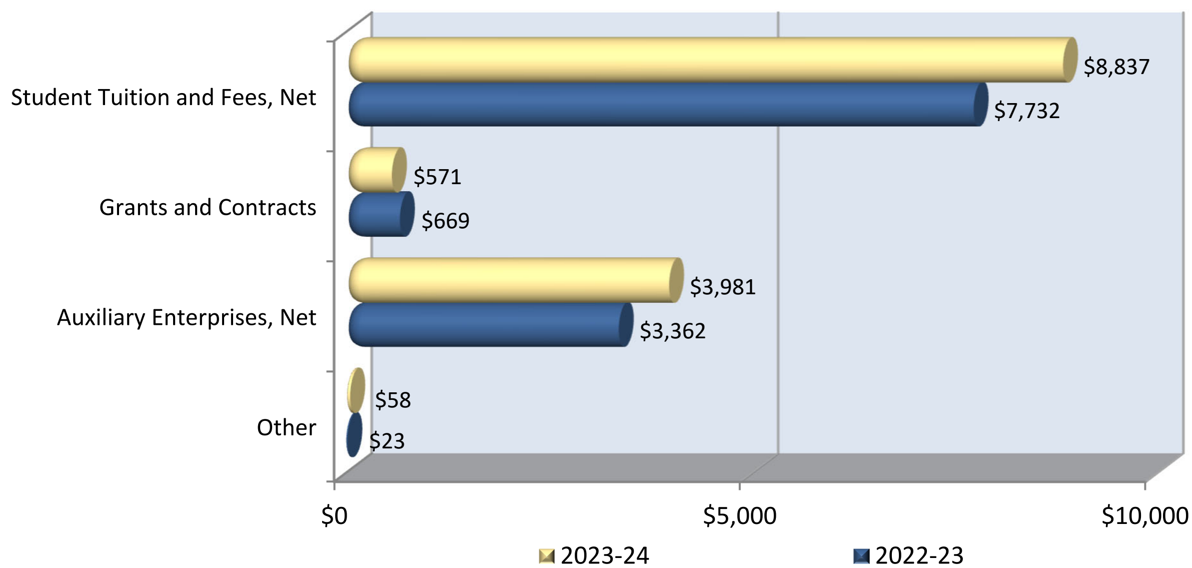
(In Thousands)

	College		Component Units	
	6-30-24	6-30-23	3-31-24	3-31-23
Student Tuition and Fees, Net	$ 8,837	$ 7,732	$ -	$ -
Grants and Contracts	571	669	-	-
Auxiliary Enterprises, Net	3,981	3,362	-	-
Other	58	23	636	1,080
Total Operating Revenues	$ 13,447	$ 11,786	$ 636	$ 1,080

The following chart presents the College's operating revenues for the 2023-24 and 2022-23 fiscal years:

Operating Revenues

(In Thousands)



College operating revenue changes were primarily the result of increases in net student tuition and fees and net auxiliary enterprises offset by a $0.1 million decrease in grants and contracts. Net student tuition and fees increased by $1.1 million, or 14.3 percent compared to the prior fiscal year due largely to increased enrollment. Net auxiliary enterprises increased by $0.6 million, or 18.4 percent compared to the prior fiscal year due to an increase in bookstore sales and Thrasher Horne ticket sales.

<u>Operating Expenses</u>

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 and its component units for the respective fiscal years ended:

Operating Expenses
For the Fiscal Years

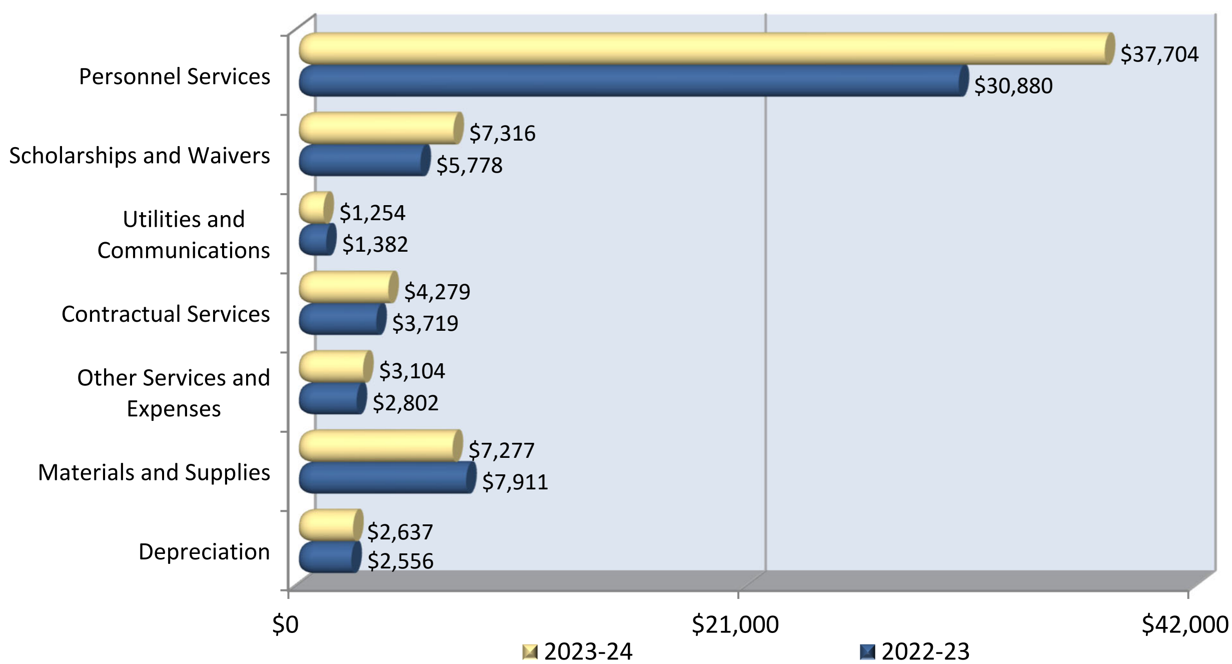
(In Thousands)

	College		Component Units	
	6-30-24	**6-30-23**	**3-31-24**	**3-31-23**
Personnel Services	$ 37,704	$ 30,880	$ -	$ -
Scholarships and Waivers	7,316	5,778	382	387
Utilities and Communications	1,254	1,382	-	-
Contractual Services	4,279	3,719	103	16
Other Services and Expenses	3,104	2,802	173	269
Materials and Supplies	7,277	7,911	-	-
Depreciation	2,637	2,556	-	-
Total Operating Expenses	$ 63,571	$ 55,028	$ 658	$ 672

The following chart presents the College's operating expenses for the 2023-24 and 2022-23 fiscal years:

Operating Expenses

(In Thousands)



College operating expense changes were primarily the result of increases in personnel services, scholarships and waivers, contractual services, and other services and expenses, offset by a decrease in materials and supplies. Personnel services increased by $6.8 million, or 22.1 percent, due primarily to increases in employee salary, benefits, and retirement contributions totaling $3.3 million, along with pension expense adjustments required by GASB Statement No. 68. of $2.9 million and $0.6 million in compensated absences. Scholarships and waivers increased by $1.5 million, or 26.6 percent, due primarily to increases in Federal Pell grants of $1.3 million. Contractual services increased by $0.6 million, or 15.1 percent primarily due to an increase in noninstructional services of $0.3 million. Other services and expenses increased by $0.3 million, or 10.8 percent mostly due to a $0.2 million increase in repairs and maintenance. Materials and supplies decreased by $0.6 million, or 8 percent, due primarily to increases in noncapitalized materials, supplies, and minor equipment costs of $1 million, offset by a decrease in noncapitalized repair and maintenance costs of $1.6 million.

Nonoperating Revenues

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. The following summarizes the College's nonoperating revenues for the 2023-24 and 2022-23 fiscal years:

Nonoperating Revenues
For the Fiscal Years

(In Thousands)

	2023-24	**2022-23**
State Noncapital Appropriations	$ 36,921	$ 27,322
Federal and State Student Financial Aid	9,326	7,628
Gifts and Grants	2,282	3,279
Investment Income	1,705	2,193
Gain on Disposal of Capital Assets	5	9
Net Nonoperating Revenues	$ 50,239	$ 40,431

Nonoperating revenues increased by $9.8 million, or 24.3 percent when compared to the prior fiscal year. State noncapital appropriations increased by $9.6 million, or 35.1 percent, primarily due to an increase of $9 million in the Florida College System Program Fund appropriation from the State of Florida. Federal and State student financial aid increased by $1.7 million, or 22.3 percent due primarily to an increase in Federal Pell student financial aid of $1.3 million. Gifts and grants decreased by $1 million, or 30.4 percent, due to a decrease in Federal Higher Education Emergency Relief Funds (HEERF) of $1.4 million, offset by an increase of $0.4 million in dual enrollment revenue from county school boards. Investment income decreased by $0.5 million, or 22.3 percent, due to a decrease in investment gains from the State Treasury Special Purpose Investment Account (SPIA) investment pool.

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 2023-24 and 2022-23 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2023-24	2022-23
State Capital Appropriations	$ 158	$ 377
Capital Grants, Contracts, Gifts, and Fees	1,113	6,993
Total	$ 1,271	$ 7,370

Other revenues decreased $6.1 million, or 82.8 percent when compared to the prior fiscal year. State capital appropriations decreased by $0.2 million, or 58.1 percent, due to a decrease of State Public Education Capital Outlay appropriations of $0.2 million. Capital grants, contracts, gifts, and fees decreased by $5.9 million, or 84.1 percent, due in total to a decrease in deferred maintenance funding from the State of Florida.

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 2023-24 and 2022-23 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2023-24	2022-23
Cash Provided (Used) by:		
Operating Activities	$(43,611)	$(40,609)
Noncapital Financing Activities	48,529	41,854
Capital and Related Financing Activities	(335)	1,262
Investing Activities	(5,340)	(5,785)
Net Decrease in Cash and Cash Equivalents	(757)	(3,278)
Cash and Cash Equivalents, Beginning of Year	25,594	28,872
Cash and Cash Equivalents, End of Year	$ 24,837	$ 25,594

Major sources of funds came from State noncapital appropriations ($36.9 million), Federal and State student financial aid ($9.3 million), net student tuition and fees ($8.8 million), proceeds from maturity of investments ($8 million), net auxiliary enterprises ($3.8 million), Federal Direct Student Loan program receipts ($3.7 million), gifts and grants received for other than capital or endowment purposes

($2.3 million), investment income ($1.7 million), and capital grants and gifts ($1.7 million). Major uses of funds were for payments to employees and for employee benefits ($33.7 million), purchases of investments ($15 million), payments to suppliers ($14.5 million), payments for scholarships ($7.3 million), disbursements to students for Federal Direct Student Loans ($3.7 million), purchase of capital assets ($2.3 million), and payments for utilities and communications ($1.3 million).

The College's overall cash and cash equivalents decreased by $0.8 million, or 3 percent, from the prior fiscal year. Net cash used for operating activities increased by $3 million primarily due to an increase in payments to employees and an increase in payments for scholarships, offset by an increase in student tuition and fees and an increase in auxiliary enterprises revenue. Net cash provided by noncapital financing activities increased by $6.7 million primarily due to an increase in State noncapital appropriations and an increase in Federal and State student financial aid, offset by a decrease in gifts and grants received for other than capital or endowment purposes. Net cash provided by capital and related financing activities decreased by $1.6 million primarily due to a decrease in State capital appropriations, offset by an increase in capital grants and gifts as well as an increase in purchases of capital assets. Net cash used by investing activities decreased by $0.4 million due to an increase in proceeds from maturities of investments, offset by an increase in purchase of investments and a decrease in investment income.

CAPITAL ASSETS AND CAPITAL EXPENSES AND COMMITMENTS

Capital Assets

At June 30, 2024, the College had $96.1 million in capital assets, less accumulated depreciation of $46.4 million, for net capital assets of $49.7 million. Depreciation charges for the current fiscal year totaled $2.6 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2024	2023
Land	$ 687	$ 687
Construction in Progress	441	7,475
Buildings	45,610	39,465
Other Structures and Improvements	20	47
Furniture, Machinery, and Equipment	2,991	2,456
Capital Assets, Net	$49,749	$50,130

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, 2024, were primarily for $0.3 million in other structures and improvements and renovation projects on the Palatka Campus. The College's construction commitments at June 30, 2024, are as follows:

	Amount (In Thousands)
Total Committed	$ 5,067
Completed to Date	(441)
Balance Committed	**$ 4,626**

Additional information about the College's construction commitments 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. Based upon the State budget adopted during the 2024 legislative session, the College will receive an increase of $3 million in State appropriations over the prior fiscal year which equates to a 8.5 percent increase. Additionally, the College received nonrecurring operational appropriations of $3 million and $1.2 million in *Prepping Institutions, Programs, Employers and Learners* (PIPELINE) funding, which is a 21.1 percent increase over the prior fiscal year's PIPELINE funding. The purpose of the PIPELINE funding is to reward performance and excellence among nursing education programs. Other than State appropriations, the College receives the majority of its other operating funds from student tuition and fees. Based upon Summer Term 2024, the College continues to see modest enrollment increases, which is a positive indicator for additional 2024-25 fiscal year tuition and fee revenues. Additionally, the following new programs will begin in the 2024-25 fiscal year: Associate of Science in Paralegal Studies, Associate of Science in Sonography, Associate of Science in Computer Programming and Analysis, Bachelor of Science degree in Criminal Justice, Applied Intelligence Studies, and Bachelor of Applied Science degree in Information Systems Technology. Lastly, the College was appropriated $10 million in fixed capital outlay funds as part of the State budget adopted during the 2024 legislative session. These funds are to be used to begin renovation of a classroom building and a workforce training center addition on the College's Palatka campus. Given the enrollment projections, new programs, fixed capital outlay appropriations, and increased State appropriations, the College anticipates adequate resources to continue to provide and enhance the educational programs and services to students within the communities we serve.

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/Chief Financial Officer, St. Johns River State College, 5001 St. Johns Avenue, Palatka, Florida 32177.

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ST. JOHNS RIVER STATE COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2024

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 12,026,303	$ 1,681,795
Restricted Cash and Cash Equivalents	696,874	-
Investments	15,000,000	5,205,174
Accounts Receivable, Net	805,396	-
Due from Other Governmental Agencies	5,604,747	-
Due from Component Unit	25,716	44
Inventories	215,983	-
Prepaid Expenses	23,750	-
Deposits Receivable	2,600	-
Total Current Assets	34,401,369	6,887,013
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	12,113,585	-
Restricted Investments	-	3,411,111
Depreciable Capital Assets, Net	48,620,818	-
Nondepreciable Capital Assets	1,128,623	-
Irrevocable Split-Interest Agreement Receivable	-	127,058
Total Noncurrent Assets	61,863,026	3,538,169
TOTAL ASSETS	96,264,395	10,425,182
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	533,845	-
Pensions	6,721,269	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,255,114	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	162,297	5,794
Salary and Payroll Taxes Payable	1,259,601	-
Unearned Revenue	238,149	-
Deposits Held for Others	86,072	-
Long-Term Liabilities - Current Portion:		
Compensated Absences Payable	352,091	-
Other Postemployment Benefits Payable	44,173	-
Irrevocable Split-Interest Agreement Payable	-	10,600
Total Current Liabilities	2,142,383	16,394

	College	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Compensated Absences Payable	2,329,885	-
Other Postemployment Benefits Payable	1,609,610	-
Net Pension Liability	23,894,223	-
Irrevocable Split-Interest Agreement	-	64,230
Total Noncurrent Liabilities	27,833,718	64,230
TOTAL LIABILITIES	29,976,101	80,624
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	1,107,396	-
Pensions	2,459,994	-
Deferred Public-Private Partnership Arrangement Receipts	-	134,541
TOTAL DEFERRED INFLOWS OF RESOURCES	3,567,390	134,541
NET POSITION		
Investment in Capital Assets	49,749,441	-
Restricted:		
Nonexpendable:		
Endowment	-	3,411,111
Expendable:		
Grants and Loans	369,694	-
Scholarships	256,349	3,647,567
Capital Projects	17,737,336	-
Unrestricted	1,863,198	3,151,339
TOTAL NET POSITION	$ 69,976,018	$ 10,210,017

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

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ST. JOHNS RIVER 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, 2024

	College	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $2,442,834	$ 8,836,919	$ -
Federal Grants and Contracts	571,267	-
Auxiliary Enterprises, Net of Scholarship Allowances of $432,926	3,981,181	-
Other Operating Revenues	57,649	636,389
Total Operating Revenues	13,447,016	636,389
EXPENSES		
Operating Expenses:		
Personnel Services	37,704,520	-
Scholarships and Waivers	7,316,703	381,800
Utilities and Communications	1,253,783	-
Contractual Services	4,278,799	102,992
Other Services and Expenses	3,103,923	173,135
Materials and Supplies	7,276,833	-
Depreciation	2,636,575	-
Total Operating Expenses	63,571,136	657,927
Operating Loss	(50,124,120)	(21,538)
NONOPERATING REVENUES		
State Noncapital Appropriations	36,920,723	-
Federal and State Student Financial Aid	9,326,074	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	2,282,309	-
Investment Income	1,704,780	1,503,033
Gain on Disposal of Capital Assets	5,115	-
Total Nonoperating Revenues	50,239,001	1,503,033
Income Before Other Revenues	114,881	1,481,495
State Capital Appropriations	157,600	-
Capital Grants, Contracts, Gifts, and Fees	1,113,252	-
Endowment Contributions	-	17,513
Total Other Revenues	1,270,852	17,513
Increase in Net Position	1,385,733	1,499,008
Net Position, Beginning of Year	68,590,285	8,711,009
Net Position, End of Year	$ 69,976,018	$ 10,210,017

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

ST. JOHNS RIVER STATE COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2024

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 8,751,494
Grants and Contracts	550,142
Payments to Suppliers	(14,476,816)
Payments for Utilities and Communications	(1,253,783)
Payments to Employees	(25,098,323)
Payments for Employee Benefits	(8,625,254)
Payments for Scholarships	(7,316,703)
Auxiliary Enterprises, Net	3,754,326
Other Receipts	104,037
Net Cash Used by Operating Activities	(43,610,880)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	36,920,723
Federal and State Student Financial Aid	9,326,074
Federal Direct Loan Program Receipts	3,669,517
Federal Direct Loan Program Disbursements	(3,669,517)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	2,282,309
Net Cash Provided by Noncapital Financing Activities	48,529,106
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	214,783
Capital Grants and Gifts	1,716,944
Proceeds from Sale of Capital Assets	5,115
Purchases of Capital Assets	(2,272,685)
Net Cash Used by Capital and Related Financing Activities	(335,843)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Maturities of Investments	8,000,000
Purchases of Investments	(15,000,000)
Investment Income	1,659,944
Net Cash Used by Investing Activities	(5,340,056)
Net Decrease in Cash and Cash Equivalents	(757,673)
Cash and Cash Equivalents, Beginning of Year	25,594,435
Cash and Cash Equivalents, End of Year	$ 24,836,762

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (50,124,120)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	2,636,575
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(139,428)
Due from Governmental Agencies	(10,000)
Inventories	152,522
Prepaid Expenses	38,125
Accounts Payable	36,319
Salary and Payroll Taxes Payable	137,847
Unearned Revenue	(223,855)
Deposits Held for Others	46,388
Due from Component Unit	(3,233)
Compensated Absences Payable	559,944
Other Postemployment Benefits Payable	(480,786)
Net Pension Liability	1,708,269
Deferred Outflows of Resources Related to Other Postemployment Benefits	99,779
Deferred Inflows of Resources Related to Other Postemployment Benefits	438,353
Deferred Outflows of Resources Related to Pensions	505,801
Deferred Inflows of Resources Related to Pensions	1,010,620
NET CASH USED BY OPERATING ACTIVITIES	$ (43,610,880)

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

- St. Johns River State College Foundation, Inc (Foundation): This legally separate entity is included within the College's reporting entity as a discretely presented component unit and is governed by a separate board.
- St. Johns River State College Student Housing Corporation (Housing Corp): On February 20, 2023, the Housing Corp was formed as a not-for-profit corporation under the laws of the State of Florida to support the activities and educational purposes of the College by leasing certain real property for purposes of facilitating the construction of residential housing and other services ancillary to residential housing for the benefit of students of St. Johns River State College. The Housing Corp provides assistance in connection with the development, financing, acquisition or construction of capital, or other college projects. This legally separate entity is included within the College's reporting entity as a discretely presented component unit and is governed by a separate board.

The component units are also direct-support 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 the Housing Corp are managed independently, outside the College's budgeting process, and their powers generally are vested in a governing board pursuant to various State statutes. The Foundation and Housing Corp receive, hold, invest, and administer property, and make expenditures to or for the benefit of the College.

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the Director of Foundation, St. Johns River State College, 5001 St. Johns Avenue, Palatka, Florida 32177.

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, 2024. The Housing Corp was not audited for the fiscal year ended March 31, 2024, due to the number of transactions being considered immaterial. As the Housing Corp transactions become material, annual audits will be performed. The Housing Corp's financial statements for the fiscal year ended March 31, 2024, are available to the public and can be obtained from the Director of Foundation, St. Johns River State College, 5001 St. Johns Avenue, Palatka, Florida 32177. Condensed financial statements for the College's component units are included in a subsequent note.

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

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

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

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

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

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, gifts and grants received for other than capital or endowment purposes, and investment income (net of unrealized gains or losses on investments). 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 and book scholarship allowances. Tuition and book 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 is able to identify, within its accounting system, amounts paid for tuition, fees, and book charges by financial aid. To the extent that these resources are used to pay student charges, the College records a scholarship allowance against tuition and fee revenues and auxiliary enterprise 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 consist of cash on hand, cash in demand accounts, and cash with the State Treasury Special Purpose Investment Account (SPIA) investment pool. For reporting cash flows, the College considers all highly liquid investments with original maturities of 3 months or less, that are not held solely for income or profit, to be cash equivalents. Under this definition, the College considers amounts invested in the State Treasury SPIA investment pool to be cash equivalents.

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

The Foundation and Housing Corp, for reporting cash flows, consider all highly liquid investments with original maturities of 3 months or less to be cash equivalents. At March 31, 2024, the Foundation had $247,941 in demand accounts, $1,308,502 in money market accounts, $115,352 in investment management accounts, and liquidated all of their funds in its separate State Treasury SPIA account. At March 31, 2024, the Housing Corp had $10,000 in demand accounts.

Inventories. Inventories consist of items for resale by the campus bookstore and are valued using the moving average inventory method of valuation. Consumable laboratory supplies, teaching materials, and office supplies on hand in College departments are expensed when purchased, and are not considered material. Accordingly, these items are not included in the reported inventory.

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 compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year.

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

2. Accounting Changes

Change to or Within the Financial Reporting Entity.

The Housing Corp is a new discretely presented component unit, for which financial accountability had not been established prior to the 2023-24 fiscal year, and as such was not previously reported as a discretely presented component unit. The effect of that change to or within the financial reporting entity did not result in a restatement to beginning net position.

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	$ (5,307,052)
Auxiliary Funds	7,170,250
Total	$ 1,863,198

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 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.

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, 2024, are valued using quoted market prices (Level 1 inputs), with the following maturities:

		Maturity in Years		
Investments by fair value level	**Amount**	**Less than 1**	**1 - 5**	**6 - 10**
Certificates of Deposit	$ 15,000,000	$ 15,000,000	$ -	$ -

Discretely Presented Component Units 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.

Investments held by the Foundation as of March 31, 2024, are reported at fair value using quoted market prices in active markets for identical assets (Level 1 inputs), with the following maturities:

Investments by fair value level	Amount	Maturity in Years: Less than 1	1 - 5	6 - 10
Bonds and Notes	$ 2,111,046	$ 499,972	$ 775,322	$ 835,752
Equity Investments				
Common Stock	3,909,730			
Exchange Traded Funds	91,065			
Real Estate Mutual Fund	353,364			
Equities Mutual Fund	2,035,964			
Fixed Income Mutual Fund	83,279			
Fixed Income Exchange Traded Fund	31,837			
Total Component Units Investments	$ 8,616,285			

The Foundation invested in various debt and equity securities. 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 an investment. The Foundation investment policies include asset allocation guidelines and investment management structure to ensure adequate diversification to reduce the volatility of investment returns.

Credit Risk: Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy requires that debt securities be rated "Baa" or "BBB" or better by Moody's or Standard & Poor's rating services, respectively. The Foundation's investment policy also sets allowable ranges for allocation of assets as follows: domestic equities (50 – 70 percent); international equities (10 – 20 percent); fixed income securities (10 – 20 percent); real estate (0 - 10 percent); cash equivalents (2 – 10 percent); and limits charitable gift annuity investments to no more than 50 percent equities (including mutual funds) and no more than 10 percent in any one stock or fund.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. The Foundation does not have a formal investment policy that addresses custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Foundation's investment policy limits investments with a single issuer to not more than 5 percent of the market value of the portfolio.

As of March 31, 2024, the Housing Corp reported no investments.

5. 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 $75,574 allowance for doubtful accounts.

6. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of $5,588,999 of deferred maintenance funds and Public Education Capital Outlay allocations due from the State for maintenance projects and construction of College facilities.

7. Due From Component Unit

The amount due from component unit consists of $25,716 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, 2024. The College's component unit financial statements are reported for the fiscal year ended March 31, 2024. Accordingly, there was no corresponding amount reported as due to the College by the component unit as of March 31, 2024.

8. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 687,582	$ -	$ -	$ 687,582
Construction in Progress	7,475,241	848,917	7,883,117	441,041
Total Nondepreciable Capital Assets	$ 8,162,823	$ 848,917	$ 7,883,117	$ 1,128,623
Depreciable Capital Assets:				
Buildings	$ 73,724,073	$ 7,875,617	$ -	$ 81,599,690
Other Structures and Improvements	4,586,101	7,500	-	4,593,601
Furniture, Machinery, and Equipment	7,914,762	1,406,960	464,962	8,856,760
Total Depreciable Capital Assets	86,224,936	9,290,077	464,962	95,050,051
Less, Accumulated Depreciation:				
Buildings	34,259,226	1,730,980	-	35,990,206
Other Structures and Improvements	4,539,205	34,373	-	4,573,578
Furniture, Machinery, and Equipment	5,459,189	871,222	464,962	5,865,449
Total Accumulated Depreciation	44,257,620	2,636,575	464,962	46,429,233
Total Depreciable Capital Assets, Net	$ 41,967,316	$ 6,653,502	$ -	$ 48,620,818

9. Unearned Revenue

Unearned revenue at June 30, 2024, includes prepayments of Thrasher-Horne Center cultural program sales and meeting room rentals for which expenses have yet to be incurred. As of June 30, 2024, the College reported $238,149 of unearned revenue.

10. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2024, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences Payable	$ 2,122,030	$ 867,810	$ 307,864	$ 2,681,976	$ 352,091
Other Postemployment Benefits Payable	2,134,569	156,030	636,816	1,653,783	44,173
Net Pension Liability	22,185,954	6,021,876	4,313,607	23,894,223	-
Total Long-Term Liabilities	$ 26,442,553	$ 7,045,716	$ 5,258,287	$ 28,229,982	$ 396,264

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, 2024, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $2,681,976. The current portion of the compensated absences liability, $352,091, is the amount expected to be paid in the coming fiscal year and represents an average of the reductions over the past 3 fiscal years.

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 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, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	25
Inactive Employees Entitled to But Not Yet Receiving Benefits	26
Active Employees	311
Total	362

Total OPEB Liability

The College's total OPEB liability of $1,653,783 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023.

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

Inflation	2.40 percent
Real Wage Growth	0.85 percent
Wage Inflation	3.25 percent
Salary Increases	
Regular Employees	3.40 – 7.80 percent
Senior Management	4.10 – 8.20 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.54 percent
Measurement Date	3.65 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2023, decreasing to an ultimate rate of 4.40 percent by 2034
Medicare	5.125 percent for 2023, decreasing to an ultimate rate of 4.40 percent by 2027

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

Mortality rates were based on the PUB-2010 mortality tables, with adjustments for FRS experience and generational mortality improvements using Scale MP-2018.

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

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/23	$ 2,134,569
Changes for the year:	
Service Cost	78,598
Interest	77,432
Differences Between Expected and Actual Experience	(579,245)
Changes in Assumptions or Other Inputs	(5,461)
Benefit Payments	(52,110)
Net Changes	(480,786)
Balance at 6/30/24	$ 1,653,783

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54 percent in 2022 to 3.65 percent in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	$1,970,276	$1,653,783	$1,405,211

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	$1,380,332	$1,653,783	$2,010,966

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

For the fiscal year ended June 30, 2024, the College recognized OPEB expense of $101,519. At June 30, 2024, 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	$ 266,764	$ 521,723
Change of assumptions or other inputs	222,908	585,673
Transactions subsequent to the measurement date	44,173	-
Total	$ 533,845	$ 1,107,396

Of the total amount reported as deferred outflows of resources related to OPEB, $44,173 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the fiscal year ending June 30, 2025. 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
2025	$ (54,511)
2026	(54,511)
2027	(43,665)
2028	(32,588)
2029	(74,926)
Thereafter	(357,523)
Total	$ (617,724)

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, 2024, the College's proportionate share of the net pension liabilities totaled $23,894,223. 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 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 $6,021,876 for the fiscal year ended June 30, 2024.

FRS Pension Plan

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

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

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

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

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

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 2023-24 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
FRS, Regular	3.00	13.57
FRS, Senior Management Service	3.00	34.52
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

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

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

The College's contributions to the Plan totaled $2,376,750 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the College reported a liability of $15,740,742 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The College's proportionate share of the net pension liability was based on the College's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the College's proportionate share was

0.039503117 percent, which was a decrease of 0.004421757 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the College recognized pension expense of $3,090,673. 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	$ 1,477,920	$ -
Change of assumptions	1,026,112	-
Net difference between projected and actual earnings on FRS Plan investments	657,376	-
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	309,241	1,208,780
College FRS contributions subsequent to the measurement date	2,376,750	-
Total	$ 5,847,399	$ 1,208,780

The deferred outflows of resources totaling $2,376,750, 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, 2025. 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
2025	$ 255,806
2026	(342,351)
2027	2,361,513
2028	(12,324)
2029	(775)
Total	$ 2,261,869

Actuarial Assumptions. The total pension liability in the July 1, 2023, 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	6.70 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, 2023, 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%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate (Property)	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.4%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2023 valuation was unchanged from the previous valuation.

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

	1% Decrease (5.70%)	**Current Discount Rate (6.70%)**	**1% Increase (7.70%)**
College's proportionate share of the net pension liability	$26,888,392	$15,740,742	$6,414,398

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, 2024, the College reported a payable of $166,645 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2024.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $45 and a maximum HIS payment of $225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2024, the contribution rate was 2 percent of payroll pursuant to Section 112.363, Florida Statutes. The College contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The College's contributions to the HIS Plan totaled $452,250 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the College reported a net pension liability of $8,153,481 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, and update procedures were used to determine the net pension liability as of July 1, 2023. The College's proportionate share of the net pension liability was based on the College's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the College's proportionate share was 0.051340025 percent, which was a decrease of 0.003820409 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the College recognized pension expense of $2,931,203. 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
Net difference between projected and actual experience on HIS Plan investments	$ 119,361	$ 19,137
Change of Assumptions	214,353	706,527
Net difference between projected and actual earnings on HIS Plan investments	4,211	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	83,695	525,550
College contributions subsequent to the measurement date	452,250	-
Total	$ 873,870	$ 1,251,214

The deferred outflows of resources totaling $452,250, 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, 2025. 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
2025	$ (173,092)
2026	(135,689)
2027	(148,071)
2028	(208,183)
2029	(138,422)
Thereafter	(26,137)
Total	$ (829,594)

Actuarial Assumptions. The total pension liability in the July 1, 2022, 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	3.65 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.65 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.54 percent to 3.65 percent.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 3.65 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
College's proportionate share of the net pension liability	$9,301,849	$8,153,481	$7,201,561

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, 2024, the College reported a payable of $28,062 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2024.

12. Retirement Plans – Defined Contribution Pension Plan

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 2023-24 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	11.30
FRS, Senior Management Service	12.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2024, 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 $1,088,888 for the fiscal year ended June 30, 2024.

Payables to the Investment Plan. At June 30, 2024, the College reported a payable of $88,620 for the outstanding amount of contributions to the Plan required for fiscal year ended June 30, 2024.

13. Construction Commitments

The College's construction commitments at June 30, 2024, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Library Restroom/Window Wall System, ADA/Life Safety Project	$ 1,774,250	$ 67,450	$ 1,706,800
Chiller Replacement Project	1,556,270	85,795	1,470,475
Remodel/Addition to FloArts Building Project	1,073,250	42,430	1,030,820
Site Improvement Project	171,358	6,450	164,908
Building V - Infrastructure Upgrades	170,596	64,621	105,975
Sewer Piping Repair/Replacement Project	123,900	77,220	46,680
Chiller & Cooling Tower Replacement Project	123,660	69,650	54,010
Building A - Replacement Generator	39,964	3,614	36,350
Gymnasium - Replacement Generator	33,860	23,811	10,049
Total	$ 5,067,108	$ 441,041	$ 4,626,067

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 $75 million to February 29, 2024, and up to $100 million from March 1, 2024, 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	$ 19,528,838
Public Services	494,616
Academic Support	4,601,711
Student Services	5,650,942
Institutional Support	10,214,234
Operation and Maintenance of Plant	8,093,976
Scholarships and Waivers	7,316,703
Depreciation	2,636,575
Auxiliary Enterprises	5,033,541
Total Operating Expenses	$ 63,571,136

16. Discretely Presented Component Units

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

Condensed Statement of Net Position

	Direct-Support Organizations: St. Johns River State College Foundation, Inc. 3/31/2024	Direct-Support Organizations: St. Johns River State College Housing Corp (Unaudited) 3/31/2024	Total
Assets:			
Current Assets	$ 6,877,013	$ 10,000	$ 6,887,013
Noncurrent Assets	3,538,169	-	3,538,169
Total Assets	10,415,182	10,000	10,425,182
Liabilities:			
Current Liabilities	16,350	44	16,394
Noncurrent Liabilities	64,230	-	64,230
Total Liabilities	80,580	44	80,624
Deferred Inflows of Resources	134,541	-	134,541
Net Position:			
Restricted Nonexpendable	3,411,111	-	3,411,111
Restricted Expendable	3,647,567	-	3,647,567
Unrestricted	3,141,383	9,956	3,151,339
Total Net Position	$ 10,200,061	$ 9,956	$ 10,210,017

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

	Direct-Support Organizations: St. Johns River State College Foundation, Inc. 3/31/2024	Direct-Support Organizations: St. Johns River State College Housing Corp (Unaudited) 3/31/2024	Total
Operating Revenues	$ 626,389	$ 10,000	$ 636,389
Operating Expenses	657,883	44	657,927
Operating Income (Loss)	(31,494)	9,956	(21,538)
Nonoperating Revenues	1,503,033	-	1,503,033
Other Revenues	17,513	-	17,513
Increase in Net Position	1,489,052	9,956	1,499,008
Net Position, Beginning of Year	8,711,009	-	8,711,009
Net Position, End of Year	$ 10,200,061	$ 9,956	$ 10,210,017

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	$ 78,598	$ 111,494	$ 107,673	$ 79,831	$ 62,459	$ 65,386	$ 72,927
Interest	77,432	57,415	53,523	71,836	57,630	53,825	48,219
Difference between expected and actual experience	(579,245)	-	212,718	-	260,385	-	-
Changes of assumptions or other inputs	(5,461)	(557,862)	(92,855)	245,427	164,768	(79,760)	(151,084)
Benefit Payments	(52,110)	(45,932)	(51,252)	(59,644)	(63,778)	(60,765)	(59,519)
Net change in total OPEB liability	(480,786)	(434,885)	229,807	337,450	481,464	(21,314)	(89,457)
Total OPEB Liability - beginning	2,134,569	2,569,454	2,339,647	2,002,197	1,520,733	1,542,047	1,631,504
Total OPEB Liability - ending	$ 1,653,783	$ 2,134,569	$ 2,569,454	$ 2,339,647	$ 2,002,197	$ 1,520,733	$ 1,542,047
Covered-Employee Payroll	$ 16,773,713	$ 16,773,752	$ 16,773,752	$ 15,660,287	$ 15,660,287	$ 15,896,035	$ 15,896,035
Total OPEB Liability as a percentage of covered-employee payroll	9.86%	12.73%	15.32%	14.94%	12.79%	9.57%	9.70%

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

	2023 (1)	**2022** (1)	**2021** (1)	**2020** (1)
College's proportion of the FRS net pension liability	0.039503117%	0.043924874%	0.044764932%	0.043331278%
College's proportionate share of the FRS net pension liability	$ 15,740,742	$ 16,343,583	$ 3,381,482	$ 18,780,414
College's covered payroll (2)	$ 20,548,443	$ 20,229,145	$ 19,463,011	$ 19,698,124
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	76.60%	80.79%	17.37%	95.34%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.38%	82.89%	96.40%	78.85%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of College Contributions – Florida Retirement System Pension Plan

	2024 (1)	**2023** (1)	**2022** (1)	**2021** (1)
Contractually required FRS contribution	$ 2,376,750	$ 1,928,785	$ 1,918,622	$ 1,718,320
FRS contributions in relation to the contractually required contribution	(2,376,750)	(1,928,785)	(1,918,622)	(1,718,320)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 22,612,496	$ 20,548,443	$ 20,229,145	$ 19,463,011
FRS contributions as a percentage of covered payroll	10.51%	9.39%	9.48%	8.83%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
	0.042277680%	0.043257206%	0.042311196%	0.043366046%	0.045294300%	0.045560091%
	$ 14,559,845	$ 13,029,295	$ 12,515,368	$ 10,949,960	$ 5,850,366	$ 2,779,836
	$ 18,513,474	$ 18,489,074	$ 18,174,849	$ 18,293,849	$ 18,089,635	$ 17,939,087
	78.64%	70.47%	68.86%	59.86%	32.34%	15.50%
	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)
	$ 1,289,149	$ 1,341,816	$ 1,260,976	$ 1,137,187	$ 1,098,667	$ 1,104,314
	(1,289,149)	(1,341,816)	(1,260,976)	(1,137,187)	(1,098,667)	(1,104,314)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 19,698,124	$ 18,513,474	$ 18,489,074	$ 18,174,849	$ 18,293,849	$ 18,089,635
	6.54%	7.25%	6.82%	6.26%	6.01%	6.10%

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

	2023 (1)	**2022** (1)	**2021** (1)	**2020** (1)
College's proportion of the HIS net pension liability	0.051340025%	0.055160434%	0.054976814%	0.056851222%
College's proportionate share of the HIS net pension liability	$ 8,153,481	$ 5,842,371	$ 6,743,733	$ 6,941,442
College's covered payroll (2)	$ 20,548,443	$ 20,229,145	$ 19,463,011	$ 19,698,124
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	39.68%	28.88%	34.65%	35.24%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.12%	4.81%	3.56%	3.00%

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

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

Schedule of College Contributions – Health Insurance Subsidy Pension Plan

	2024 (1)	**2023** (1)	**2022** (1)	**2021** (1)
Contractually required HIS contribution	$ 452,250	$ 341,104	$ 335,804	$ 323,360
HIS contributions in relation to the contractually required HIS contribution	(452,250)	(341,104)	(335,804)	(323,360)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 22,612,496	$ 20,548,443	$ 20,229,145	$ 19,463,011
HIS contributions as a percentage of covered payroll	2.00%	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.

2019 (1)	**2018** (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
0.055390690%	0.056572452%	0.057019833%	0.059101534%	0.059626812%	0.060377669%
$ 6,197,664	$ 5,987,692	$ 6,096,824	$ 6,888,039	$ 6,080,997	$ 5,645,459
$ 18,513,474	$ 18,489,074	$ 18,174,849	$ 18,293,849	$ 18,089,635	$ 17,939,087
33.48%	32.39%	33.55%	37.65%	33.62%	31.47%
2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)	**2016** (1)	**2015** (1)
$ 328,112	$ 308,478	$ 307,697	$ 301,742	$ 303,885	$ 227,931
(328,112)	(308,478)	(307,697)	(301,742)	(303,885)	(227,931)
$ -	$ -	$ -	$ -	$ -	$ -
$ 19,698,124	$ 18,513,474	$ 18,489,074	$ 18,174,849	$ 18,293,849	$ 18,089,635
1.67%	1.67%	1.66%	1.66%	1.66%	1.26%

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

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

Changes of Assumptions. The discount rate was increased from 3.54 percent to 3.65 percent based on a change in the Municipal Bond Index Rate.

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

Changes of Assumptions. In 2023, the municipal rate used to determine total pension liability increased from 3.54 percent to 3.65 percent. In addition, the level of monthly benefits increased from $5 times years of service to $7.50 times years of service, with an increased minimum of $45 and maximum of $225.

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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 (*Government Auditing Standards*), the financial statements of the St. Johns River State College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2024, 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 18, 2025, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
February 18, 2025