

Report No. 2023-094
January 2023

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

ST. PETERSBURG COLLEGE

For the Fiscal Year Ended
June 30, 2022



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2021-22 fiscal year, Dr. Tonjua Williams served as President of St. Petersburg College and the following individuals served as Members of the Board of Trustees:

Thomas Kidwell, Chair from 8-17-21,
Vice Chair through 8-16-21
Jason Butts, Vice Chair from 8-17-21
Katherine E. Cole, Chair through 8-16-21
Deveron M. Gibbons
Nathan M. Stonecipher

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The team leader was Ricardo D. Tellez, 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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SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to 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.



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. Petersburg College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2022, 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 other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of St. Petersburg College and of its aggregate discretely presented component units as of June 30, 2022, 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. 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. 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.

Emphasis of Matter

As discussed in Note 2. to the financial statements, the College adopted new accounting guidance Governmental Accounting Standards Board Statement No. 87, *Leases*, which is a change in accounting principle that addresses accounting and financial reporting for leases. This affects the comparability of amounts reported for the 2021-22 fiscal year with amounts reported for the 2020-21 fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023, on our consideration of the St. Petersburg College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
January 13, 2023

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, 2022, 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, 2022, and June 30, 2021.

FINANCIAL HIGHLIGHTS

The College's assets and deferred outflows of resources totaled \$385.5 million at June 30, 2022. This balance reflects a \$14.2 million, or 3.8 percent, increase as compared to the 2020-21 fiscal year, resulting primarily from increases in cash and cash equivalents of \$19.7 million and the amount due from other governmental agencies of \$1.5 million. The increases were offset by a decrease in investment in depreciable capital assets of \$10 million attributable to depreciation and decrease in the deferred outflows for net pension of \$6.5 million and other postemployment benefits (OPEB) of \$1 million. Concurrently, a new lease receivable of \$10.7 million for the College's building and tower agreements was recognized in compliance with Governmental Accounting Standards Board (GASB) Statement No. 87.

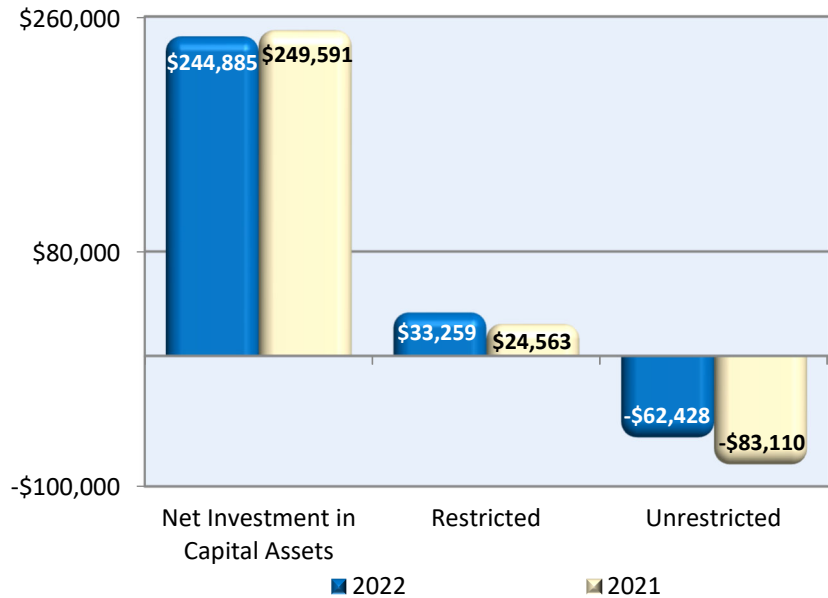
During the 2021-22 fiscal year, liabilities and deferred inflows of resources decreased by \$10.4 million, or 5.8 percent, to an ending balance of \$169.8 million. The decrease in liabilities was primarily in net pension liabilities of \$50.1 million, OPEB liabilities of \$30.1 million, bonds payable liabilities of \$2.9 million, accounts payable of \$2.3 million, and installment purchases payable of \$1.4 million. The decrease in liabilities was offset by increases to deferred inflows of \$36.3 million for pensions and \$30.2 million for OPEB. In addition, a new deferred inflow for building and tower lease agreements of \$10.6 million was recognized in compliance with GASB Statement No. 87.

As a result, the College's net position increased by \$24.7 million during the 2021-22 fiscal year, reaching a year-end balance of \$215.7 million.

The College's operating revenues totaled \$38.2 million for the 2021-22 fiscal year, representing a decrease of \$4.3 million or 10 percent, as compared to the 2020-21 fiscal year due mainly to the continued impact of the COVID-19 pandemic on student tuition and fees, auxiliary services, and facility rentals. Operating expenses totaled \$219.8 million for the 2021-22 fiscal year, representing an increase of 1.1 percent as compared to the 2020-21 fiscal year. The primary driver to the increase in spending was Higher Education Emergency Relief Funds (HEERF) scholarships and waivers offset by a decrease in personnel expenses.

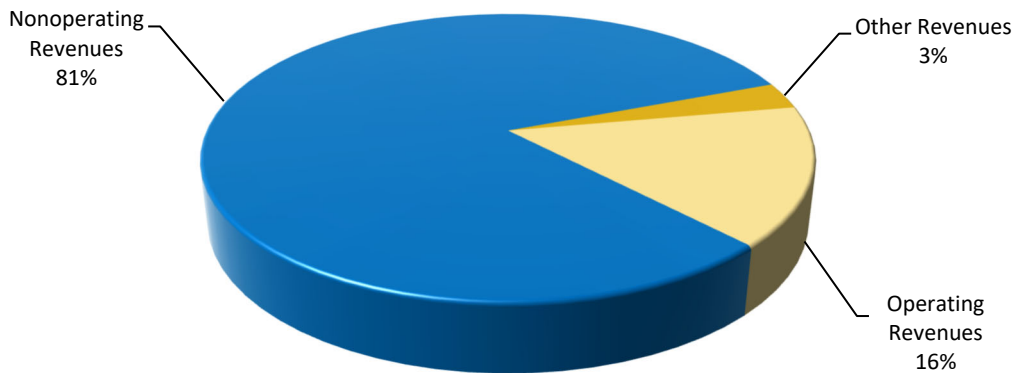
Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College reported a negative unrestricted net position of \$62.4 million for the 2021-22 fiscal year as a result of recording long-term liabilities that will be financed and paid from future unrestricted appropriations. The College's comparative total net position by category for the fiscal years ended June 30, 2022, and June 30, 2021, is shown in the following graph:

**Net Position
(In Thousands)**



The following chart provides a graphical presentation of College revenues by category for the 2021-22 fiscal year:

**Total Revenues
2021-22 Fiscal Year**



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the College’s financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the College and its component units. These component units include: St. Petersburg College Foundation, Inc. (Foundation); The Leepa-Rattner Museum of Art, Inc. (Museum), and the Institute for Strategic Policy Solutions, Inc. (Institute). Based on the application of the criteria for determining component units, the

Foundation, the Museum, and the Institute are included within the College reporting entity as discretely presented component units.

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

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2022	2021
Assets		
Current Assets	\$ 67,230	\$ 51,799
Capital Assets, Net	257,122	266,655
Other Noncurrent Assets	33,684	17,890
Total Assets	358,036	336,344
Deferred Outflows of Resources	27,481	34,943
Liabilities		
Current Liabilities	16,879	18,604
Noncurrent Liabilities	59,617	145,420
Total Liabilities	76,496	164,024
Deferred Inflows of Resources	93,305	16,219
Net Position		
Net Investment in Capital Assets	244,885	249,591
Restricted	33,259	24,563
Unrestricted	(62,428)	(83,110)
Total Net Position	\$ 215,716	\$ 191,044

The most significant changes in College's net position is attributable to the current and noncurrent liabilities, deferred outflows of resources, and deferred inflows of resources associated with the net pension and OPEB liabilities that are determined by actuarial calculations. Additional information about

the College's net pension and OPEB liabilities, and the actuarial assumptions and details used, are presented in the notes to the financial statements.

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

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

The following summarizes the College's activity for the 2021-22 and 2020-21 fiscal years:

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

	<u>2021-22</u>	<u>2020-21</u>
Operating Revenues	\$ 38,194	\$ 42,458
Less, Operating Expenses	<u>219,785</u>	<u>217,357</u>
Operating Loss	(181,591)	(174,899)
Net Nonoperating Revenues	<u>198,878</u>	<u>162,617</u>
Income (Loss) Before Other Revenues	17,287	(12,282)
Other Revenues	<u>7,385</u>	<u>7,596</u>
Net Increase (Decrease) In Net Position	<u>24,672</u>	<u>(4,686)</u>
Net Position, Beginning of Year	<u>191,044</u>	<u>195,730</u>
Net Position, End of Year	<u><u>\$ 215,716</u></u>	<u><u>\$ 191,044</u></u>

Operating Revenues

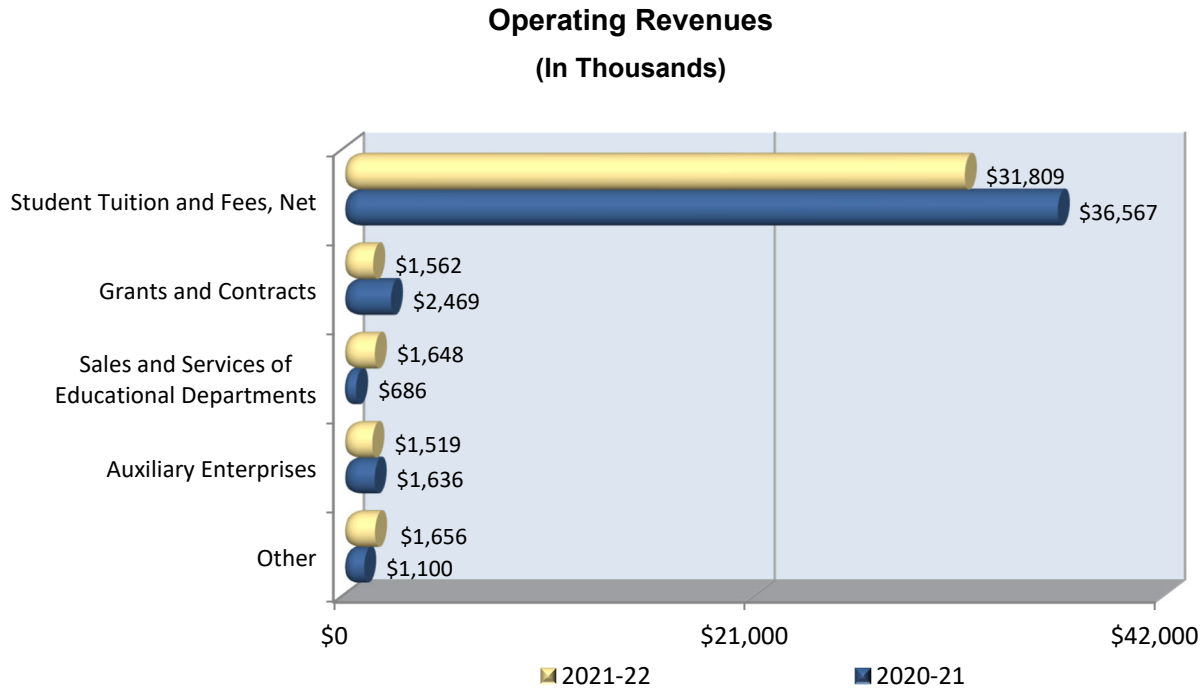
GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2021-22 and 2020-21 fiscal years:

**Operating Revenues
For the Fiscal Years**

	<u>2021-22</u>	<u>2020-21</u>
Student Tuition and Fees, Net	\$ 31,809	\$ 36,567
Grants and Contracts	1,562	2,469
Sales and Services of Educational Departments	1,648	686
Auxiliary Enterprises	1,519	1,636
Other	<u>1,656</u>	<u>1,100</u>
Total Operating Revenues	<u><u>\$ 38,194</u></u>	<u><u>\$ 42,458</u></u>

The following chart presents the College's operating revenues for the 2021-22 and 2020-21 fiscal years:



College operating revenue decreased by \$4.3 million, or 10 percent. This can be attributed to the COVID-19 pandemic as the primary driver causing overall decreases in net student tuition and fees of \$4.8 million, grants and contracts of \$0.9 million, and auxiliary enterprises of \$0.1 million. These decreases were offset by increases in sales and services of educational departments of \$1 million and other revenues of \$0.6 million.

Operating Expenses

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

The following summarizes operating expenses by natural classification for the 2021-22 and 2020-21 fiscal years:

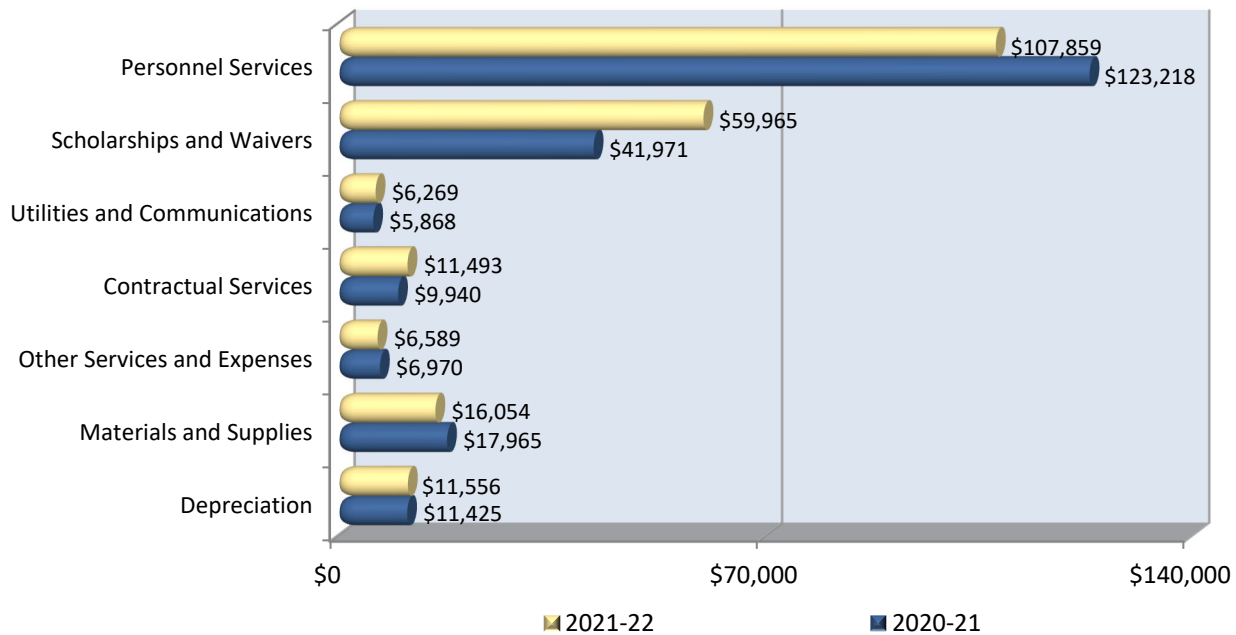
**Operating Expenses
For the Fiscal Years**

(In Thousands)

	<u>2021-22</u>	<u>2020-21</u>
Personnel Services	\$ 107,859	\$ 123,218
Scholarships and Waivers	59,965	41,971
Utilities and Communications	6,269	5,868
Contractual Services	11,493	9,940
Other Services and Expenses	6,589	6,970
Materials and Supplies	16,054	17,965
Depreciation	11,556	11,425
Total Operating Expenses	\$ 219,785	\$ 217,357

The following chart presents the College’s operating expenses for the 2021-22 and 2020-21 fiscal years:

**Operating Expenses
(In Thousands)**



College operating expenses were higher by \$2.4 million over the 2020-21 fiscal year primarily due to increases in spending of scholarships and waivers of \$18 million and contractual services of \$1.6 million offset by decreases in personnel services of \$15.4 million and materials and supplies of \$1.9 million.

Nonoperating Revenues and Expenses

Certain revenue sources that the College relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College’s nonoperating revenues and expenses for the 2021-22 and 2020-21 fiscal years:

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

(In Thousands)

	2021-22	2020-21
State Noncapital Appropriations	\$ 80,768	\$ 73,703
Federal and State Student Financial Aid	57,875	60,269
Gifts and Grants	61,226	27,455
Investment Income	158	151
Loss on Investments	(1,167)	(124)
Gain on Disposal of Capital Assets	755	1,984
Interest on Capital Asset-Related Debt	(703)	(821)
Other Nonoperating Expenses	(34)	-
Net Nonoperating Revenues	\$ 198,878	\$ 162,617

When compared to the prior fiscal year, College net nonoperating revenues increased by \$36.3 million, or 22.3 percent. The change in revenue was primarily due to the increase in Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act HEERF grant funds received of \$29.3 million to mitigate incremental expenses incurred by the students and the institution directly because of the COVID-19 pandemic. The College also received increases of State program fund appropriations of \$5.6 million and Lottery funds of \$1.6 million.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues for the 2021-22 and 2020-21 fiscal years:

**Other Revenues
For the Fiscal Years**

(In Thousands)

	2021-22	2020-21
State Capital Appropriations	\$ 669	\$ 637
Capital Grants, Contracts, Gifts, and Fees	6,716	6,959
Total	\$ 7,385	\$ 7,596

Changes in other revenues were the result of a decrease in capital grants, contracts, gift, and fees of \$0.2 million.

The Statement of Cash Flows

The statement of cash flows provides information about the College's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the College's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the College. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of

cash related to purchasing or selling investments and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes the College's cash flows for the 2021-22 and 2020-21 fiscal years:

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

	2021-22	2020-21
Cash Provided (Used) by:		
Operating Activities	\$ (177,952)	\$ (154,842)
Noncapital Financing Activities	198,904	155,188
Capital and Related Financing Activities	(393)	9,622
Investing Activities	(901)	24
Net Increase in Cash and Cash Equivalents	19,658	9,992
Cash and Cash Equivalents, Beginning of Year	58,851	48,859
Cash and Cash Equivalents, End of Year	\$ 78,509	\$ 58,851

Major sources of cash inflows came from Federal Direct Loan program receipts (\$31.3 million), State noncapital appropriations (\$80.8 million), noncapital gifts and grants (\$60.2 million), Federal and State student financial aid (\$57.9 million), net student tuition and fees (\$31.9 million), capital gifts and grants (\$6.7 million). Major uses of cash were disbursements to students for Federal Direct Loans (\$31.3 million), payments to employees and for employee benefits (\$113.8 million), payments for scholarships (\$60.1 million), payments to suppliers (\$35.4 million), principal paid on capital debt (\$9 million), and utilities and communications (\$6.3 million).

The College's overall cash and cash equivalents increased in the 2021-22 fiscal year by \$19.7 million, or 33.4 percent, from the 2020-21 fiscal year. Changes in cash and cash equivalents are the result of the following factors:

- The increase in operating activities net cash used of \$23.1 million was primarily due to the increase in HEERF scholarships paid to students of \$18.3 million and the decrease of net student tuition and fees of \$5.1 million.
- The increase in noncapital financing activities net cash inflows of \$43.7 million was the result of an increase of student and institutional HEERF aid of \$33.8 million, the increase of State noncapital appropriations of \$7.1 million, and the decrease in Federal and State financial aid of \$2.5 million. A loan repayment to the Foundation of \$6.3 million was also recorded in the 2020-21 fiscal year.
- The decrease in cash provided related to capital and related financing activities of \$10 million was primarily due to the early payoff of the Chiller capital purchase of \$1.4 million in the 2021-22 fiscal year and the \$6.5 million of cash provided from the proceeds on the sale of the district office building and the receipt of final Public Education Capital Outlay appropriations for the completion of the Student Success Center in the 2020-21 fiscal year.
- The decrease in investing activities of \$0.9 million was due primarily to purchases of investments in excess of investment income in the 2021-22 fiscal year.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION
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Capital Assets

At June 30, 2022, the College had \$450.5 million in capital assets, less accumulated depreciation of \$193.4 million, for net capital assets of \$257.1 million. Depreciation charges for the current fiscal year totaled \$11.6 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)

	2022	2021
Land	\$ 24,206	\$ 24,206
Construction in Progress	3,608	3,128
Buildings	223,552	233,019
Other Structures and Improvements	1,290	1,488
Furniture, Machinery, and Equipment	2,744	2,560
Lease Assets	1,722	2,254
Capital Assets, Net	\$257,122	\$266,655

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, 2022, were incurred for the St. Petersburg Downtown Buildout of \$2.6 million, and St Petersburg Gibbs Cooling Tower of \$0.9 million. The College's construction commitments at June 30, 2022, are as follows:

	Amount (In Thousands)
Total Committed	\$ 4,347
Completed to Date	3,608
Balance Committed	\$ 739

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

Debt Administration

As of June 30, 2022, the College had \$10.5 million in outstanding capital improvement debt payable and \$1.7 million of leases payable, representing a decrease of \$4.8 million, or 28.3 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	<u>2022</u>	<u>2021</u>
SBE Capital Outlay Bonds	\$ 909	\$ 1,003
Florida Department of Education		
Capital Improvement Revenue Bonds	9,590	12,390
Installment Purchase Payable	-	1,411
Leases Payable	<u>1,738</u>	<u>2,260</u>
Total	<u>\$ 12,237</u>	<u>\$ 17,064</u>

Immediately following the close of the 2020-21 fiscal year, the Florida Department of Education (FDOE) issued and closed on \$17.4 million of the Capital Improvement Revenue bonds, Series 2021A. Proceeds from the College's portion of the bonds of \$3.7 million and \$0.7 million of debt service reserve, was used to refund \$5.1 million of outstanding FDOE Capital Improvement Revenue bonds, Series 2010A. Additionally, debt repayments during the 2021-22 fiscal year totaled \$1.4 million. Additional information about the College's long-term debt is presented in the notes to the financial statements.

The installment purchase payable for the chiller equipment was paid in full in December. After the prepayment penalty of 2 percent, the early payoff of the installment purchased saved the College approximately \$0.4 million in future interest expense.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2022-23 fiscal year.

On-going efforts to develop new revenue sources and contain costs continue to serve the College well in its commitment to the growth of education programs, improved student access, and overall excellence in service to its students and the community. The conservative budgetary stance taken by the College provides a framework for a focused response in support of our educational mission.

Due to the COVID-19 pandemic, the College has continued experiencing a significant decline in student enrollment resulting in lower tuition and fee revenues and auxiliary revenues. The College was awarded Federal grants under HEERF that included loss of revenue funding to offset these declines and allows for technology related expenditures for the transition to online classroom instruction and remote working for staff.

In addition, the College has undergone a real estate strategic master planning assessment to optimize property and technology assets and align our footprint with the needs of our students and community.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Mike Meigs, Associate Vice President for Financial and Business Services, St. Petersburg College, PO Box 13489, St. Petersburg, FL 33733.

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BASIC FINANCIAL STATEMENTS

ST. PETERSBURG COLLEGE A Component Unit of the State of Florida Statement of Net Position

June 30, 2022

	College	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 47,633,374	\$ 17,496,156
Restricted Cash and Cash Equivalents	12,072,047	-
Investments	-	46,693,628
Restricted Investments	21,321	-
Accounts Receivable, Net	1,390,783	1,149,719
Leases Receivable	680,727	-
Due from Other Governmental Agencies	4,814,743	-
Due from Component Units/College	488,586	35,242
Inventories	105,438	-
Prepaid Expenses	23,169	-
Total Current Assets	67,230,188	65,374,745
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	18,803,112	-
Investments	1,984,456	32,332,633
Restricted Investments	2,879,400	-
Leases Receivable	10,016,349	-
Depreciable Capital Assets, Net	229,308,508	-
Nondepreciable Capital Assets	27,813,601	-
Other Assets	-	885,633
Total Noncurrent Assets	290,805,426	33,218,266
TOTAL ASSETS	358,035,614	98,593,011
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	6,814,078	-
Pensions	20,666,530	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	27,480,608	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,282,968	4,513
Salary and Payroll Taxes Payable	2,211,076	-
Retainage Payable	152,224	-
Unearned Revenue	311,471	-
Deposits Held for Others	1,077,643	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	1,576,000	-
Leases Payable	703,463	-
Compensated Absences Payable	1,131,904	-
Other Postemployment Benefits Payable	113,596	-
Net Pension Liability	7,317,975	-
Total Current Liabilities	16,878,320	4,513

	<u>College</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	8,923,000	-
Leases Payable	1,034,317	-
Compensated Absences Payable	10,187,138	-
Other Postemployment Benefits Payable	13,393,607	-
Net Pension Liability	26,079,140	-
Total Noncurrent Liabilities	<u>59,617,202</u>	<u>-</u>
TOTAL LIABILITIES	<u>76,495,522</u>	<u>4,513</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	36,879,130	-
Pensions	45,801,724	-
Lease Receivable	10,623,964	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>93,304,818</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	244,885,329	-
Restricted:		
Nonexpendable:		
Endowment	-	33,992,804
Expendable:		
Grants and Loans	10,329,490	45,546,932
Scholarships	699,699	-
Capital Projects	22,207,956	-
Debt Service	21,321	-
Unrestricted	<u>(62,427,913)</u>	<u>19,048,762</u>
TOTAL NET POSITION	<u>\$ 215,715,882</u>	<u>\$ 98,588,498</u>

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

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ST. PETERSBURG COLLEGE
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	<u>College</u>	<u>Component Units</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$24,775,992	\$ 31,808,954	\$ -
Federal Grants and Contracts	223,415	-
State and Local Grants and Contracts	1,338,646	-
Sales and Services of Educational Departments	1,647,941	-
Auxiliary Enterprises	1,518,925	-
Other Operating Revenues	1,655,707	6,834,028
Total Operating Revenues	38,193,588	6,834,028
EXPENSES		
Operating Expenses:		
Personnel Services	107,858,696	-
Scholarships and Waivers	59,964,640	4,656,087
Utilities and Communications	6,268,978	-
Contractual Services	11,492,775	1,998,039
Other Services and Expenses	6,589,620	-
Materials and Supplies	16,054,201	16,543
Depreciation	11,556,232	-
Total Operating Expenses	219,785,142	6,670,669
Operating Income (Loss)	(181,591,554)	163,359
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	80,767,611	-
Federal and State Student Financial Aid	57,875,065	-
Gifts and Grants	61,225,966	19,448
Investment Income	157,969	27,608
Net Loss on Investments	(1,166,719)	-
Gain (Loss) on Disposal of Capital Assets	754,676	(671,506)
Interest on Capital Asset-Related Debt	(702,659)	-
Other Nonoperating Expenses	(33,538)	-
Net Nonoperating Revenues (Expenses)	198,878,371	(624,450)
Income (Loss) Before Other Revenues or Expenses	17,286,817	(461,091)
State Capital Appropriations	668,800	-
Capital Grants, Contracts, Gifts, and Fees	6,716,321	-
Additions to Endowments	-	1,853,321
Other Expenses	-	(498,782)
Total Other Revenues or Expenses	7,385,121	1,354,539
Increase in Net Position	24,671,938	893,448
Net Position, Beginning of Year	191,043,944	97,695,050
Net Position, End of Year	\$ 215,715,882	\$ 98,588,498

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

ST. PETERSBURG COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2022

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 31,949,983
Grants and Contracts	957,823
Payments to Suppliers	(35,412,645)
Payments for Utilities and Communications	(6,268,978)
Payments to Employees	(85,569,390)
Payments for Employee Benefits	(28,206,078)
Payments for Scholarships	(60,072,115)
Auxiliary Enterprises	1,438,111
Sales and Services of Educational Departments	1,647,941
Other Receipts	1,582,594
	(177,952,754)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	80,767,611
Federal and State Student Financial Aid	57,891,944
Federal Direct Loan Program Receipts	31,291,100
Federal Direct Loan Program Disbursements	(31,291,100)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	60,244,458
	198,904,013
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	3,695,000
State Capital Appropriations	212,112
Capital Grants and Gifts	6,677,121
Purchases of Capital Assets	(2,038,008)
Gain on Disposal of Capital Assets	754,676
Principal Paid on Capital Debt and Leases	(8,990,890)
Interest Paid on Capital Debt and Leases	(702,659)
	(392,648)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(1,176,605)
Investment Income	275,571
	(901,034)
Net Increase in Cash and Cash Equivalents	19,657,577
Cash and Cash Equivalents, Beginning of Year	58,850,956
Cash and Cash Equivalents, End of Year	\$ 78,508,533

	<u>College</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (181,591,554)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	11,556,232
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(664,663)
Due from Other Governmental Agencies	31,509
Due from Component Unit	(320,972)
Inventories	(20,641)
Prepaid Expenses	17,820
Other Assets	632,372
Accounts Payable	(1,384,398)
Salaries and Payroll Taxes Payable	977,619
Unearned Revenue	(266,930)
Deposits Held for Others	(127,749)
Compensated Absences Payable	(502,511)
Other Postemployment Benefits Payable	(30,073,603)
Net Pension Liability	(50,139,441)
Deferred Outflows of Resources Related to Other Postemployment Benefits	969,811
Deferred Inflows of Resources Related to Other Postemployment Benefits	30,202,832
Deferred Outflows of Resources Related to Pensions	6,492,260
Deferred Inflows of Resources Related to Pensions	36,259,253
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (177,952,754)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized losses on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (1,166,719)
Donation of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 39,200

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

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

- St. Petersburg College Foundation, Inc. (Foundation): This legally separate organization is a community advocate for St. Petersburg College and encourages charitable donations to provide financial support for the College and its students. As a public charity, the Foundation accepts donations to provide scholarships for students, enhance the College's many and varied teaching and public service programs, as well as to support capital projects and other related College improvements, and is governed by a separate board.
- The Leepa-Rattner Museum of Art, Inc. (Museum): This legally separate organization benefits the College through the promotion of educational excellence by collecting, preserving and displaying works of art that reflect or support the aesthetic concerns of Abraham Rattner, Esther Gentle, Allen Leepa, and other artists. The Museum also provides a facility for teaching, exhibiting, and promoting all aspects of the art spectra for the benefit of the College and the public, and is governed by a separate board.
- Institute for Strategic Policy Solutions, Inc. (Institute): This legally separate organization benefits the College through the promotion of educational and civic engagement through its operations and activities by providing students, faculty, and the community at large, a forum and center for learning and scholarly public discourse and is governed by a separate board.

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

The College's component units are audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The audited financial statements of these organizations are available to the public at the College. The financial data reported on the accompanying financial statements was derived from the audited financial statements of the organizations for the fiscal year ended March 31, 2022. Additional condensed financial statements for the College's component units are included in a subsequent note.

The Museum was dissolved as a Florida nonprofit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and decertified as a direct-support organization of the College. Dissolution was filed with the State of Florida on June 28, 2021, with an effective date of June 30, 2021. The Museum began operating as a department of the College on July 1, 2021.

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

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

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

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

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College calculated its scholarships allowances by identifying financial aid applied versus cash payments applied to the student accounts receivable.

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

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

College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by 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.

At June 30, 2022, the College reported as cash equivalents at fair value \$19,675,984 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as discussed in Note 4.). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury

SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.66 years and fair value factor of 0.9479 at June 30, 2022. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balance. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury SPIA investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

At June 30, 2022, the College reported as cash equivalents \$26,015,007 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard & Poor's and had a weighted-average days to maturity (WAM) of 28 days as of June 30, 2022. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

Section 218.409(8)(a), Florida Statutes, provides that "the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 10 to 40 years, depending on construction
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
 - Computer Equipment – 3 years
 - Vehicles, Office Machines, and Educational Equipment – 5 years
 - Furniture – 7 years
- Lease Assets – 2 to 5 years

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, leases payable, compensated absences payable, other postemployment benefits payable (OPEB), and net pension liabilities that are not scheduled to be paid within the next fiscal year.

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

2. Reporting Change

The College implemented GASB Statement No. 87, *Leases*. The statement addresses accounting and financial reporting for leases. This statement requires the College to recognize certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources based on the payment provisions of the contract. Under this statement a lessee is required to recognize a lease liability and an intangible right to use the leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the College's leasing activities.

3. Deficit Net Position in Individual Funds

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

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (66,837,466)
Auxiliary Funds	4,409,553
Total	\$ (62,427,913)

4. Investments

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

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

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

The College's investments at June 30, 2022, are reported as follows:

		<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level	Amount			
SBA Debt Service Accounts	\$ 21,321	\$ 21,321	\$ -	\$ -
Certificate of Deposit/Bank Deposit Program	4,863,856	4,863,856	-	-
Total investments by fair value level	\$ 4,885,177	\$ 4,885,177	\$ -	\$ -

State Board of Administration Debt Service Accounts. The College reported investments totaling \$21,321 at June 30, 2022, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the SBE for the benefit of the College. The College's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at

fair value. The College relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Certificates of Deposit and Bank Deposit Program. At June 30, 2022, the College had a financial institution purchase investment in individual certificates of deposit (CDs) with 18 different banks in the College's name totaling \$4,319,247 and none of those investments exceeded \$250,000 per bank. The CDs are insured by the Federal Deposit Insurance Corporation (FDIC). The CDs carry original maturity dates ranging from 24 months to 39 months with annual percentage interest rates ranging from 0.15 percent to 0.30 percent. In addition, the College reported investments totaling \$544,609 at June 30, 2022, in the Bank Deposit Program with 1 bank. The Bank Deposit Program is an account investment used to hold cash balances until the funds are reinvested in CDs. Investments in the Bank Deposit Program are not insured by the FDIC.

Component Unit Investments. The College's component unit, the Foundation, categorize 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 and level 2 inputs are significant other observable inputs. As of March 31, 2022, investments held by the Foundation are reported at fair value as follows:

Investments by fair value level	Amount	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
United States Government Obligations	\$ 1,006,116	\$ 1,006,116	\$ -
Federal Agency Obligations	1,549,540	-	1,549,540
Bonds and Notes	9,823,862	-	9,823,862
Stocks and Other Equity Securities	62,872,731	62,872,731	-
Mutual Funds	3,394,792	3,394,792	-
Real Estate Investment Trusts	379,220	379,220	-
Total investments measured at fair value	\$ 79,026,261	\$ 67,652,859	\$ 11,373,402

The Foundation has a written investment policy to provide the basis for the management of a prudent investment program appropriate to the particular fund type.

Interest Rate and Credit Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligation. The Foundation's investment policy limits investments in fixed income securities to maturities of no longer than 30 years. The Foundation has \$12,379,518 in obligations of United States Government, Federal agency obligations, and bonds and notes that include embedded options including the option, at the discretion of the issuer, to call their obligation.

The Foundation's investment policy provides that debt issues of investment grade "BBB" or better is preferred. However, investment managers may purchase lesser quality debt investments as long as the purchases represent no more than 25 percent of a manager's fixed income portfolio.

The following are maturities and credit quality ratings for the Foundation investments at March 31, 2022:

Investment Type	Investment Maturities (In Years)					Credit Quality Range (1)
	Fair Value	Less Than 1	1-5	6-10	More Than 10	
United States						
Government Obligations	\$ 1,006,116	\$ 130,263	\$ 676,700	\$ 199,153	\$ -	(2)
Federal Agency Obligations	1,549,540	4,440	308,684	488,486	747,930	AA+
Bonds and Notes	9,823,862	480,128	1,628,366	2,563,973	5,151,395	AAA-NA
Fixed Income Mutual Funds (3)	102,147	-	-	102,147	-	AAA
Fixed Income Mutual Funds (3)	175,911	-	175,911	-	-	AAA-BBB
Fixed Income Mutual Funds (3)	79,283	-	-	-	79,283	AAA-NR
Fixed Income Mutual Funds (3)	1,705,248	-	-	1,705,248	-	AAA-NA
Fixed Income Mutual Funds (3)	1,007,139	-	-	-	1,007,139	BBB-BB
Real Estate Investment Trusts	379,220	379,220	-	-	-	Not Rated
Equity Mutual Funds	325,064	325,064	-	-	-	Not Rated
Equity Securities	62,872,731	62,872,731	-	-	-	Not Rated
Total Component Units Investments	\$79,026,261	\$64,191,846	\$ 2,789,661	\$ 5,059,007	\$ 6,985,747	

(1) Rated by Standard & Poor's.

(2) Disclosure of credit risk is not required for this investment type.

(3) Fixed income mutual funds with a weighted average maturity of less than 5 years.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investment. The Foundation's investment policy does not address custodial risk. Foundation investments in debt securities are uninsured, not registered in the name of the Foundation, and held by financial institutions and, as such, are exposed to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. The Foundation's investment policy provides that investments in fixed income securities of a single issue must not exceed 5 percent of fair value total investment assets with each money manager. United States Government and Federal agency obligations are not subject to this limitation. For equities, no single major industry may represent more than 15 percent of the market value of the total amount each investment firm has to invest at the time of purchase, and in no case shall an individual security be purchased that exceeds 5 percent of the portfolio total without approval from the investment committee. The policy also provides that the target asset allocation for the investment portfolio be 70 percent in equities, and 30 percent in fixed income.

5. Accounts Receivable

Accounts receivable represent amounts for student fee deferrals, uncollected commissions for food or rent from vendors under food, vending, and bookstore operations, accrued interest, and contract and grant reimbursements due from third parties. The accounts receivable are reported net of a \$397,089 allowance for doubtful accounts.

6. Leases Receivable

Lease receivables represent 30 contracted arrangements for use of the College's land, cell tower equipment, and facility space. The term of the lease arrangements are determined by evaluating the

non-cancelable term length, the optional term length, and assessing the likelihood with reasonable certainty the option to extend the term or terminate the agreement may occur. The term lengths range from 1 to 99 years. Future minimum receipts discounted to present value based on the College's incremental borrowing rate as of June 30, 2022, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,155,203	\$ 680,727	\$ 474,476
2024	724,094	262,030	462,064
2025	619,065	164,808	454,257
2026	626,665	180,981	445,684
2027	626,664	189,980	436,684
2028-2032	3,028,628	988,866	2,039,762
2033-2037	2,867,186	1,064,344	1,802,842
2038-2042	2,502,237	933,492	1,568,745
2043-2047	2,198,605	856,489	1,342,116
2048-2052	1,689,286	497,257	1,192,029
2053-2057	1,515,356	417,371	1,097,985
2058-2062	1,515,359	531,990	983,369
2063-2067	1,485,556	646,797	838,759
2068-2072	919,290	164,594	754,696
2073-3077	919,291	209,793	709,498
2078-2082	919,290	267,404	651,886
2083-2087	919,290	340,838	578,452
2088-2092	919,290	434,437	484,853
2093-2097	919,290	553,741	365,549
2098-2102	919,290	705,805	213,485
2103-2107	643,503	605,332	38,171
Total	\$ 27,632,438	\$ 10,697,076	\$ 16,935,362

7. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of \$3,244,316 of grant contract reimbursements due from third parties, \$523,873 for license tag fees, and \$677,471 due from the Florida Prepaid College Board for payment of tuition and fees for students under contract enrolled in summer term.

8. Due From Component Units

The \$488,586 reported as due from component units consists of amounts owed to the College by the Institute and by the Foundation for programs and scholarships. The College's financial statements are reported for the fiscal year ended June 30, 2022. The College's component units' financial statements are reported for the fiscal year ended March 31, 2022. Accordingly, amounts reported by the College as due from component units on the statement of net position do not agree with amounts reported by the component units as due to the College.

9. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2022, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Adjustments (1)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:					
Land	\$ 24,205,541	\$ -	\$ -	\$ -	\$ 24,205,541
Construction in Progress	3,127,985	-	496,284	16,209	3,608,060
Total Nondepreciable Capital Assets	\$ 27,333,526	\$ -	\$ 496,284	\$ 16,209	\$ 27,813,601
Depreciable Capital Assets:					
Buildings	\$ 379,206,432	\$ -	\$ 16,209	\$ -	\$ 379,222,641
Other Structures and Improvements	14,415,276	-	-	-	14,415,276
Furniture, Machinery, and Equipment	23,402,584	520,848	1,058,512	196,666	24,785,278
Lease Assets	4,293,624	(520,848)	468,848	-	4,241,624
Total Depreciable Capital Assets	421,317,916	-	1,543,569	196,666	422,664,819
Less, Accumulated Depreciation:					
Buildings	146,187,080	-	9,483,838	-	155,670,918
Other Structures and Improvements	12,927,719	75,576	122,295	-	13,125,590
Furniture, Machinery, and Equipment	20,842,767	520,848	873,475	196,666	22,040,424
Lease Assets	2,039,179	(596,424)	1,076,624	-	2,519,379
Total Accumulated Depreciation	181,996,745	-	11,556,232	196,666	193,356,311
Total Depreciable Capital Assets, Net	\$ 239,321,171	\$ -	\$ (10,012,663)	\$ -	\$ 229,308,508

(1) Adjustments for assets under capital lease termination and purchase reclassified as other capital asset accounts.

10. Unearned Revenue

Unearned revenue at June 30, 2022, includes restricted grants and contracts revenue, auxiliary enterprises revenue, and student tuition and fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2022, the College reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Grants and Contracts	\$ 58,341
Auxiliary Revenue	41,696
Student Tuition and Fees	211,434
Total Unearned Revenue	\$ 311,471

11. Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2022, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds Payable	\$ 13,393,000	\$ 3,695,000	\$ 6,589,000	\$ 10,499,000	\$ 1,576,000
Installment Purchases Payable	1,410,878	-	1,410,878	-	-
Leases Payable	2,259,944	468,848	991,012	1,737,780	703,463
Compensated Absences Payable	11,821,552	1,283,821	1,786,331	11,319,042	1,131,904
Other Postemployment Benefits Payable	43,580,806	4,303,694	34,377,297	13,507,203	113,596
Net Pension Liability	83,536,557	4,671,088	54,810,530	33,397,115	7,317,975
Total Long-Term Liabilities	\$ 156,002,737	\$ 14,422,451	\$ 99,965,048	\$ 70,460,140	\$ 10,842,938

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

- **SBE Capital Outlay Bonds.** The SBE issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College’s portion of the State-assessed motor vehicle license tax and by the State’s full faith and credit. The SBE and the SBA administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements.
- **Capital Improvement Revenue Bonds, Series 2006A, 2010A, 2018A, and 2021A.** These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution; Sections 215.57 through 215.83 and Section 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2006A participating colleges on a parity with any additional bonds issued subsequent to the issuance of the Series 2006A bonds. The Series 2006A bonds constitute the first series of bonds to be issued pursuant to a Master Authorizing Resolution. The Governing Board authorized the sale of Series 2010A Bonds by the Third Supplemental Resolution adopted on May 11, 2010, which also amended the Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2018A and 2021A bonds will share the lien on the revenues pledged by the colleges participating in such additional bonds. The Series 2018A and 2021A bonds refunded the outstanding 2006A and 2010A bonds that financed the construction and renovation and remodeling of educational facilities.

The College had the following bonds payable at June 30, 2022:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
SBE Capital Outlay Bonds:			
Series 2020A	\$ 909,000	2.00-5.00	2030
Florida Department of Education Capital Improvement Revenue Bonds:			
Series 2018A	6,210,000	5.00	2027
Series 2021A	3,380,000	5.00	2030
Total	\$ 10,499,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2022, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>SBE Capital Outlay Bonds and Capital Improvement Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,576,000	\$ 522,070	\$ 2,098,070
2024	1,649,000	446,150	2,095,150
2025	1,734,000	363,700	2,097,700
2026	1,820,000	277,000	2,097,000
2027	1,911,000	186,000	2,097,000
2028-2030	1,809,000	184,100	1,993,100
Total	\$ 10,499,000	\$ 1,979,020	\$ 12,478,020

Bond Refunding. On July 22, 2021, the FDOE issued \$17,445,000 of the Capital Improvement Revenue bonds, Series 2021A. The College's portion of the bond proceeds of \$3,695,000 and \$696,062 of outstanding FDOE debt service reserve was used to refund \$5,110,000 of outstanding Capital Improvement Revenue bonds, Series 2010A. As a result of the refunding, the College had a debt service savings of \$866,971.

Installment Purchases Payable. The College had an installment purchase agreement for the purchase of a chiller plant reported at \$1,511,514. The College paid the principal balance in full as of December 7, 2021, of \$1,380,497 and the 2 percent prepayment penalty of \$27,610, to own the equipment free and clear. The chiller plant was reclassified to other structures and improvements to be depreciated over the remaining useful life of 13 years.

Leases Payable. Network server equipment in the amount of \$3,075,156, copier and printing equipment of \$675,587, audio-visual equipment of \$193,048, mail processing equipment of \$86,248, and vehicles of \$211,485 are recorded as leases. The stated interest rates range from 3.37 percent to 14.11 percent. Future minimum payments under the lease agreements and the present value of the minimum payments as of June 30, 2022, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 769,575	\$ 703,463	\$ 66,112
2024	663,761	609,100	54,661
2025	315,592	289,889	25,703
2026	132,380	122,837	9,543
2027	14,385	12,491	1,894
Total Minimum Lease Payments	\$ 1,895,693	\$ 1,737,780	\$ 157,913

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, 2022, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled \$11,319,042. The current portion of the compensated absences liability, \$1,131,904, is the amount expected to be paid in the coming fiscal year. The current portion of the compensated absences was determined by calculating 10 percent of the compensated absences liability as of June 30, 2022.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain other postemployment benefits administered by the Consortium and life insurance benefits through purchased commercial insurance.

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	17
DROP members	61
Active Employees	1,157
Total	<u>1,235</u>

Total OPEB Liability

The College’s total OPEB liability of \$13,507,203 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
Real Wage Growth	0.85 percent
Wage Inflation	3.25 percent
Salary increases, including wage inflation	
Regular Employees	3.40-7.80 percent
Senior Management	4.10-8.20 percent
Municipal Bond Index Rate	
Prior Measurement Date	2.21 percent
Measurement Date	2.16 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2032
Medicare	5.13 percent for 2021, decreasing to an ultimate rate of 4.40 percent by 2025

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

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

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal, and salary increased used in June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018, adopted by FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021, valuation were based on a review of recent plan experience done concurrently with the June 30, 2021, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/21	<u>\$ 43,580,806</u>
Changes for the year:	
Service Cost	3,270,687
Interest	1,033,006
Differences Between Expected and Actual Experience	(23,846,334)
Changes in Assumptions or Other Inputs	(10,311,487)
Benefit Payments	<u>(219,475)</u>
Net Changes	<u>(30,073,603)</u>
Balance at 6/30/22	<u><u>\$ 13,507,203</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate changed from 2.21 percent in 2020 to 2.16 percent in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB liability	\$16,549,026	\$13,507,203	\$11,127,176

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$10,498,566	\$13,507,203	\$17,658,051

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

For the fiscal year ended June 30, 2022, the College recognized OPEB expense of \$1,212,636. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 641,174	\$ 21,785,285
Change of assumptions or other inputs	6,059,308	15,093,845
Transactions subsequent to the measurement date	113,596	-
Total	<u>\$ 6,814,078</u>	<u>\$ 36,879,130</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$113,596 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ (3,091,057)
2024	(3,091,057)
2025	(3,091,057)
2026	(3,091,057)
2027	(3,091,057)
Thereafter	<u>(14,723,363)</u>
Total	<u>\$ (30,178,648)</u>

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the College recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2022, the College's proportionate share of the net pension liabilities totaled \$33,397,115. Note 12. includes a complete discussion of defined benefit pension plans.

12. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

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

The College's FRS and HIS negative pension expense totaled \$81,474 for the fiscal year ended June 30, 2022.

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 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

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

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit

by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-22 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	10.82
FRS, Senior Management Service	3.00	29.01
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	18.34
FRS, Reemployed Retiree	(2)	(2)

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

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

The College's contributions to the Plan totaled \$6,241,224 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the College reported a liability of \$10,892,923 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The College's proportionate share of the net pension liability was based on the College's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the College's proportionate share was 0.144203336 percent, which was an increase of 0.005263472 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the College recognized negative pension expense of \$988,806. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,867,064	\$ -
Change of assumptions	7,453,475	-
Net difference between projected and actual earnings on FRS Plan investments	-	38,002,670
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	1,356,525	3,546,585
College FRS contributions subsequent to the measurement date	6,241,224	-
Total	\$ 16,918,288	\$ 41,549,255

The deferred outflows of resources totaling \$6,241,224 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ (5,954,173)
2024	(6,623,401)
2025	(8,332,504)
2026	(10,226,089)
2027	263,976
Total	\$ (30,872,191)

Actuarial Assumptions. The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2021, 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:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate (Property)	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.2%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2021 valuation of 6.80 percent was not updated.

Sensitivity of the College’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the College’s proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the College’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	<u>1% Decrease (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase (7.80%)</u>
College’s proportionate share of the net pension liability	\$48,713,882	\$10,892,923	\$(20,721,158)

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, 2022, the College reported a payable of \$52,167 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2022.

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, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The College contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and

are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The College's contributions to the HIS Plan totaled \$1,076,751 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the College reported a net pension liability of \$22,504,192 for its proportionate share of the net pension liability. The current portion of the net pension liability is the College's proportionate share of benefit payments expected to be paid within 1 year, net of the College's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and update procedures were used to determine the net pension liability as of July 1, 2021. The College's proportionate share of the net pension liability was based on the College's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the College's proportionate share was 0.183460532 percent, which was a decrease of 0.007516386 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the College recognized pension expense of \$907,332. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 753,047	\$ 9,426
Change of assumptions	1,768,325	927,230
Net difference between projected and actual earnings on HIS Plan investments	23,460	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	126,659	3,315,813
College contributions subsequent to the measurement date	1,076,751	-
Total	\$ 3,748,242	\$ 4,252,469

The deferred outflows of resources totaling \$1,076,751, 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ (286,374)
2024	(675,369)
2025	(428,185)
2026	(119,443)
2027	(42,982)
Thereafter	(28,625)
Total	\$ (1,580,978)

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

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.16 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 2.16 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2021 valuation was updated from 2.21 percent to 2.16 percent.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 2.16 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
College's proportionate share of the net pension liability	\$26,017,026	\$22,504,192	\$19,626,211

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, 2022, the College reported a payable of \$9,454 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2022.

13. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2021-22 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Senior Management Service	7.67

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

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

approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The College's Investment Plan pension expense totaled \$2,104,871 for the fiscal year ended June 30, 2022.

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing college contributes 5.15 percent of the participant's salary to the participant's account, and 4.19 percent to cover the unfunded actuarial liability of the FRS pension plan, for a total of 9.34 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the college to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The College's contributions to the Program totaled \$398,024 and employee contributions totaled \$234,592 for the 2021-22 fiscal year.

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

The Annuity Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. College employees in eligible positions make an irrevocable election to participate in the Annuity Program in lieu of the Senior Management Service Class of FRS and purchase retirement and death benefits through contracts with participating provider companies. The College contributes 6.27 percent of the participant's salary to the participant's account and 20.80 percent to cover the unfunded actuarial liability of the FRS pension plan for a total of 27.07 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by salary reduction, an additional amount not to exceed the percentage contributed by the College. These contributions are invested in the companies selected by the employee to create a fund for the purchase of annuities at retirement.

The College's contributions to the Annuity Program totaled \$13,638 and employee contributions totaled \$6,525 for the 2021-22 fiscal year.

14. Construction Commitments

The College's construction commitments at June 30, 2022, were as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Downtown Buildout	\$ 2,638,021	\$ 2,638,021	\$ -
Gibbs Cooling Tower	911,550	911,550	-
Small Projects (1)	797,289	58,489	738,800
Total	\$ 4,346,860	\$ 3,608,060	\$ 738,800

(1) Individual projects with a current balance committed of less than \$1 million at June 30, 2022.

15. Risk Management Programs

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

Life insurance, dental, and eye coverage for employees is provided through purchased commercial insurance. The College contributes employee premiums as a fringe benefit. Employee dependent coverage is by payroll deduction and coverage for retirees, former employees, and their dependents is by prepaid premiums.

16. Functional Distribution of Operating Expenses

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 60,427,310
Public Services	59,652
Academic Support	23,918,765
Student Services	20,412,997
Institutional Support	26,830,812
Operation and Maintenance of Plant	16,579,636
Scholarships and Waivers	59,964,640
Depreciation	11,556,232
Auxiliary Enterprises	35,098
Total Operating Expenses	\$ 219,785,142

17. Discretely Presented Component Units

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

Condensed Statement of Net Position

	<u>Direct-Support Organizations</u>			<u>Total</u>
	<u>St. Petersburg College Foundation, Inc. 3/31/2022</u>	<u>The Leepa-Rattner Museum of Art, Inc. 3/31/2022</u>	<u>Institute for Strategic Policy Solutions, Inc. 3/31/2022</u>	
Assets:				
Current Assets	\$ 51,041,322	\$ -	\$ 14,333,423	\$ 65,374,745
Other Noncurrent Assets	33,218,266	-	-	33,218,266
Total Assets	84,259,588	-	14,333,423	98,593,011
Liabilities:				
Current Liabilities	-	-	4,513	4,513
Total Liabilities	-	-	4,513	4,513
Net Position:				
Restricted Nonexpendable	33,992,804	-	-	33,992,804
Restricted Expendable	45,510,304	-	36,628	45,546,932
Unrestricted	4,756,480	-	14,292,282	19,048,762
Total Net Position	\$ 84,259,588	\$ -	\$ 14,328,910	\$ 98,588,498

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

	Direct-Support Organizations			Total
	St. Petersburg College Foundation, Inc. 3/31/2022	The Leepa-Rattner Museum of Art, Inc. 3/31/2022	Institute for Strategic Policy Solutions, Inc. 3/31/2022	
Operating Revenues	\$ 6,580,103	\$ 173,346	\$ 80,579	\$ 6,834,028
Operating Expenses	(6,091,277)	(173,996)	(405,396)	(6,670,669)
Operating Income (Loss)	488,826	(650)	(324,817)	163,359
Net Nonoperating Revenues (Expenses)	(643,899)	19,449	-	(624,450)
Other Revenues	1,853,321	-	-	1,853,321
Nonoperating Transfer of Assets	(14,232,693)	(498,782)	14,232,693	(498,782)
Increase (Decrease) in Net Position	(12,534,445)	(479,983)	13,907,876	893,448
Net Position, Beginning of Year	96,794,033	479,983	421,034	97,695,050
Net Position, End of Year	\$ 84,259,588	\$ -	\$ 14,328,910	\$ 98,588,498

18. Related Party Transactions

During the fiscal year ended March 31, 2022, the Foundation transferred the amounts it held for the Institute for Strategic Policy Solutions, Inc. (Institute) to the Institute. The transfer was accounted for as a nonoperating transfer of assets in the amount of approximately \$14.2 million. The Institute is a legally separate 501(c)(3) support group organized to advance academic excellence, community engagement, economic vitality and public understanding through high-quality, solutions-directed public policy programs.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017 (1)
Total OPEB Liability					
Service cost	\$ 3,270,687	\$ 2,308,660	\$ 2,662,445	\$ 2,803,338	\$ 3,172,404
Interest	1,033,006	1,219,275	1,225,088	1,063,422	902,828
Changes of benefit terms	-	76,396	-	-	-
Difference between expected and actual experience	(23,846,334)	-	685,268	308,683	-
Changes of assumptions or other inputs	(10,311,487)	7,572,244	(3,507,308)	(2,149,578)	(4,029,653)
Benefit Payments	(219,475)	(244,958)	(143,267)	(337,649)	(2,210)
Net change in total OPEB liability	(30,073,603)	10,931,617	922,226	1,688,216	43,369
Total OPEB Liability - beginning	43,580,806	32,649,189	31,726,963	30,038,747	29,995,378
Total OPEB Liability - ending	\$ 13,507,203	\$ 43,580,806	\$ 32,649,189	\$ 31,726,963	\$ 30,038,747
Covered-Employee Payroll (2)	\$ 64,073,678	\$ 63,528,538	\$ 63,528,538	\$ 70,877,184	\$ 67,676,956
Total OPEB Liability as a percentage of covered-employee payroll	21.08%	68.60%	51.39%	44.76%	44.39%

(1) The initial year is displayed with the adoption of GASB Statement No. 75 in accordance with paragraph 244.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, State college system optional retirement plan members, and members of 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 the College's Proportionate Share of the Net Pension Liability –
Florida Retirement System Pension Plan**

	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>
College's proportion of the FRS net pension liability	0.144203336%	0.138939864%	0.149408009%	0.158067659%
College's proportionate share of the FRS net pension liability	\$ 10,892,923	\$ 60,218,585	\$ 51,454,038	\$ 47,610,798
College's covered payroll (2)	\$ 81,487,947	\$ 84,519,177	\$ 83,548,024	\$ 89,843,140
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	13.37%	71.25%	61.59%	52.99%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.40%	78.85%	82.61%	84.26%

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

Schedule of College Contributions – Florida Retirement System Pension Plan

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
Contractually required FRS contribution	\$ 6,241,224	\$ 5,505,514	\$ 4,632,729	\$ 4,495,419
FRS contributions in relation to the contractually required contribution	<u>(6,241,224)</u>	<u>(5,505,514)</u>	<u>(4,632,729)</u>	<u>(4,495,419)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 80,732,409	\$ 81,487,947	\$ 84,519,177	\$ 83,548,024
FRS contributions as a percentage of covered payroll	7.73%	6.76%	5.48%	5.38%

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

<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.166468397%	0.172938656%	0.181549298%	0.177383333%	0.158148060%
\$ 49,240,234	\$ 43,667,146	\$ 23,449,527	\$ 10,822,992	\$ 27,224,320
\$ 96,548,044	\$ 86,803,263	\$ 83,468,575	\$ 81,597,410	\$ 79,520,264
51.00%	50.31%	28.09%	13.26%	34.24%
83.89%	84.88%	92.00%	96.09%	88.54%

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
\$ 4,446,167	\$ 4,334,018	\$ 4,235,961	\$ 4,426,326	\$ 3,885,448
<u>(4,446,167)</u>	<u>(4,334,018)</u>	<u>(4,235,961)</u>	<u>(4,426,326)</u>	<u>(3,885,448)</u>
\$ _____ =	\$ _____ =	\$ _____ =	\$ _____ =	\$ _____ =
\$ 89,843,140	\$ 96,548,044	\$ 86,803,263	\$ 83,468,575	\$ 81,597,410
4.95%	4.49%	4.88%	5.30%	4.76%

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

	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>
College's proportion of the HIS net pension liability	0.183460532%	0.190976918%	0.202412694%	0.213501983%
College's proportionate share of the HIS net pension liability	\$ 22,504,192	\$ 23,317,972	\$ 22,647,954	\$ 22,597,290
College's covered payroll (2)	\$ 73,081,230	\$ 75,511,932	\$ 77,388,653	\$ 80,477,173
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	30.79%	30.88%	29.27%	28.08%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.56%	3.00%	2.63%	2.15%

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

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

Schedule of College Contributions – Health Insurance Subsidy Pension Plan

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
Contractually required HIS contribution	\$ 1,076,751	\$ 1,077,913	\$ 1,108,443	\$ 1,086,117
HIS contributions in relation to the contractually required HIS contribution	<u>(1,076,751)</u>	<u>(1,077,913)</u>	<u>(1,108,443)</u>	<u>(1,086,117)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll (2)	\$ 72,695,166	\$ 73,081,230	\$ 75,511,932	\$ 77,388,653
HIS contributions as a percentage of covered payroll	1.48%	1.47%	1.47%	1.40%

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

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

<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.229867134%	0.240551631%	0.232980193%	0.229721475%	0.226924036%
\$ 24,578,454	\$ 28,035,296	\$ 23,760,315	\$ 21,479,518	\$ 19,756,721
\$ 84,916,891	\$ 86,803,263	\$ 83,468,575	\$ 81,597,410	\$ 79,520,264
28.94%	32.30%	28.47%	26.23%	24.84%
1.64%	0.97%	0.50%	0.99%	1.78%

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
\$ 1,145,953	\$ 1,216,203	\$ 1,232,924	\$ 890,595	\$ 786,949
<u>(1,145,953)</u>	<u>(1,216,203)</u>	<u>(1,232,924)</u>	<u>(890,595)</u>	<u>(786,949)</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 80,477,173	\$ 84,916,891	\$ 86,803,263	\$ 83,468,575	\$ 81,597,410
1.42%	1.43%	1.42%	1.07%	0.96%

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

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

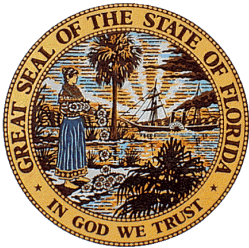
Changes of Assumptions. In 2021, the Municipal Bond Index Rate used to determine other postemployment benefit plan liability decreased from 2.21 percent to 2.16 percent. In 2021, the ultimate healthcare cost trend rate decreased from 4.60 percent to 4.40 percent. The assumed annual rates of pre-Medicare member participation decreased from 60 percent to 50 percent.

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

Changes of Assumptions. In 2021, the maximum amortization period was decreased to 20 years for all current and future amortization bases.

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

Changes of Assumptions. In 2021, the municipal rate used to determine total pension liability decreased from 2.21 percent to 2.16 percent.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the St. Petersburg College, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 13, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
January 13, 2023