

VALENCIA COLLEGE

Financial Audit

For the Fiscal Year Ended
June 30, 2014



BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2013-14 fiscal year are listed below:

	<u>County</u>
Maria C. Grulich, Chair	Osceola
Lewis M. Oliver, III, Interim Vice Chair to 7-15-13, Vice Chair from 7-16-13	Orange
Lucas D. Boyce from 8-15-13 (1)	Orange
Jerry D. Buchanan to 2-27-14	Orange
Dr. Bruce A. Carlson from 8-15-13 (2)	Osceola
John M. Crossman from 2-18-14	Orange
Guillermo Hansen (3)	Osceola
Lori Kifer Johnson to 2-27-14	Orange
Daisy Lopez-Cid from 8-15-13	Osceola
Raymer F. Maguire, III, from 2-28-14	Orange
Fernando J. Perez (3)	Orange
Jo Quittschreiber to 8-14-13	Osceola

Dr. Sanford C. Shugart, President

- Notes:
- (1) Position was vacant from July 1, 2013, through August 14, 2013.
 - (2) A ninth Board position was created in accordance with State Board of Education Rule 6A-14.024, Florida Administrative Code.
 - (3) Board member served beyond the end of term, May 31, 2014.

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

The audit team leader was Patricia A. Tindel, CPA, and the audit was supervised by Brenda C. Racis, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 412-2869.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

VALENCIA COLLEGE
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EXECUTIVE SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the College's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

Our audit objectives were to determine whether Valencia College and its officers with administrative and stewardship responsibilities for College operations had:

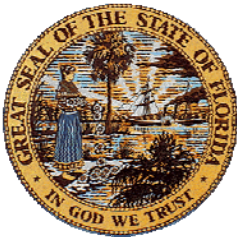
- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied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

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2014. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the College is included within the scope of our Statewide audit of Federal awards administered by the State of Florida. The results of our operational audit of the College are included in our report No. 2015-057.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent College records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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111 West Madison Street
Tallahassee, Florida 32399-1450



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FAX: 850-488-6975

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Valencia College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Valencia College and of its discretely presented component unit as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN, and NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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 a report on our consideration of Valencia 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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on 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 Valencia College's internal control over financial reporting and compliance.

Respectfully submitted,



David W. Martin, CPA
Tallahassee, Florida
March 26, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

The management’s discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2014, 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, 2014, and June 30, 2013, and its component unit Valencia College Foundation, Inc., for the fiscal years ended March 31, 2014, and March 31, 2013.

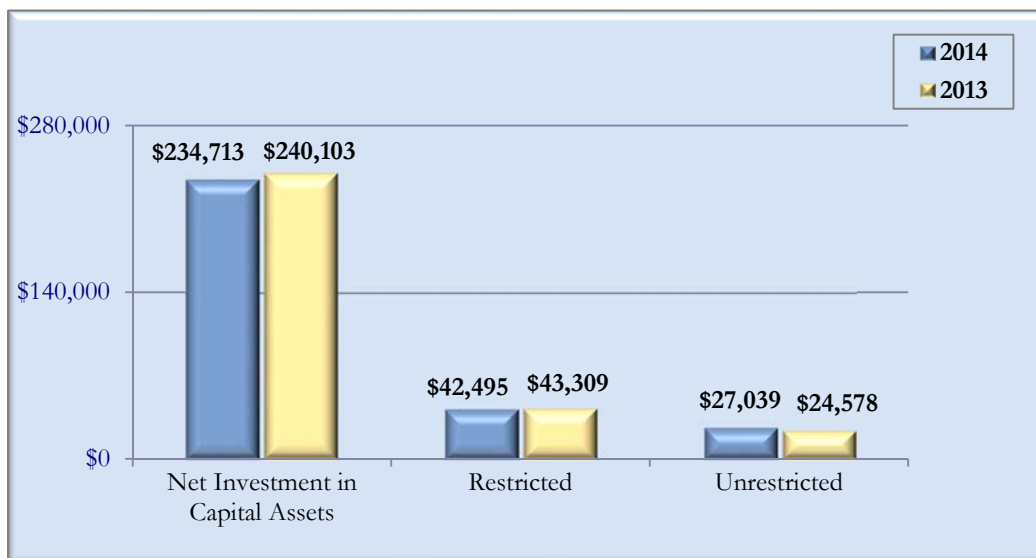
FINANCIAL HIGHLIGHTS

The College’s assets totaled \$344 million at June 30, 2014. This balance reflects a \$7.4 million, or 2.2 percent, increase as compared to the 2012-13 fiscal year resulting primarily due to the addition of an asset under capital lease. This increase was offset by a reduction in student accounts receivable and Public Education and Capital Outlay (PECO) receivables for new construction and physical plant maintenance. Liabilities increased by \$11.2 million, or 39.1 percent, totaling \$39.7 million at June 30, 2014, as compared to \$28.6 million at June 30, 2013. The increase in liabilities was primarily due to increases in estimated insurance claims payable and a new capital lease payable. As a result, the College’s net position decreased by \$3.7 million, resulting in a year-end balance of \$304.2 million.

The College’s operating revenues totaled \$68.3 million for the 2013-14 fiscal year, representing a 0.1 percent increase as compared to the 2012-13 fiscal year. Operating expenses totaled \$245.7 million for the 2013-14 fiscal year, representing an increase of 2.9 percent as compared to the 2012-13 fiscal year due mainly to a salary increase for full and part-time employees.

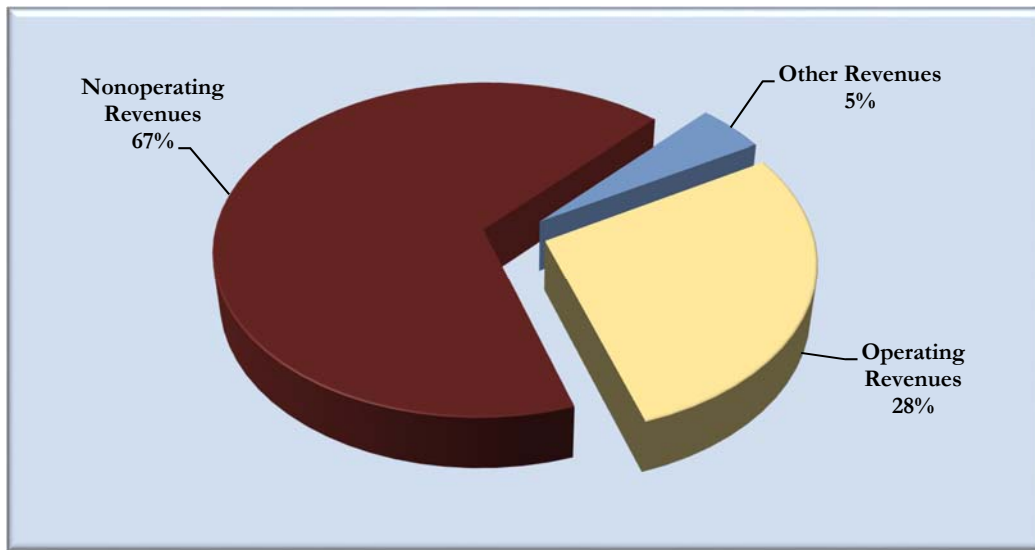
Net position represents the residual interest in the College’s assets after deducting liabilities. The College’s comparative total net position by category for the fiscal years ended June 30, 2014, and June 30, 2013, is shown in the following graph:

**Net Position: College
(In Thousands)**



The following chart provides a graphical presentation of College revenues by category for the 2013-14 fiscal year:

Total Revenues: College



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. These financial statements, and notes thereto, provide information on the College as a whole, present a long-term view of the College’s finances, and include activities for the following entities:

- Valencia College (Primary Institution) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.
- Valencia College Foundation, Inc. (Component Unit) – Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida. The Foundation’s fiscal year differs from the College and covers the period April through March.

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets and liabilities of the College, using the accrual basis of accounting, and presents the financial position of the College at a specified time. Assets, less liabilities, 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.

A condensed statement of assets, liabilities, and net position of the College and its component unit for the respective fiscal years ended is shown in the following table:

**Condensed Statement of Net Position at
(In Thousands)**

	College		Component Unit	
	6-30-14	6-30-13	3-31-14	3-31-13
Assets				
Current Assets	\$ 72,164	\$ 68,857	\$ 5,047	\$ 4,219
Capital Assets, Net	245,889	245,153	9,616	6,274
Other Noncurrent Assets	25,929	22,538	61,250	57,843
Total Assets	343,982	336,548	75,913	68,336
Liabilities				
Current Liabilities	20,658	16,398	870	376
Noncurrent Liabilities	19,077	12,160		
Total Liabilities	39,735	28,558	870	376
Net Position				
Net Investment in Capital Assets	234,713	240,103	9,616	6,273
Restricted	42,495	43,309	65,410	60,432
Unrestricted	27,039	24,578	17	1,255
Total Net Position	\$304,247	\$307,990	\$ 75,043	\$ 67,960

Assets increased by \$7.4 million primarily due to the addition of an asset under capital lease. Current liabilities increased due in part to an increase in estimated insurance claims payable which was the result of a \$2.5 million increase in reserves for the self-insured health insurance program. Noncurrent liabilities also increased due to the payable relating to the asset under capital lease.

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 activities of the College and its component unit for the respective fiscal years ended:

**Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended
(In Thousands)**

	College		Component Unit	
	6-30-14	6-30-13	3-31-14	3-31-13
Operating Revenues	\$ 68,311	\$ 68,261	\$ 3,463	\$ 3,065
Less, Operating Expenses	245,651	238,805	3,692	3,700
Operating Loss	(177,340)	(170,544)	(229)	(635)
Net Nonoperating Revenues	162,439	160,137	7,312	5,180
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(14,901)	(10,407)	7,083	4,545
Other Revenues	11,158	11,805		
Net Increase (Decrease) In Net Position	(3,743)	1,398	7,083	4,545
Net Position, Beginning of Year	307,990	306,592	67,960	63,415
Net Position, End of Year	\$ 304,247	\$ 307,990	\$ 75,043	\$ 67,960

Operating Revenues

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

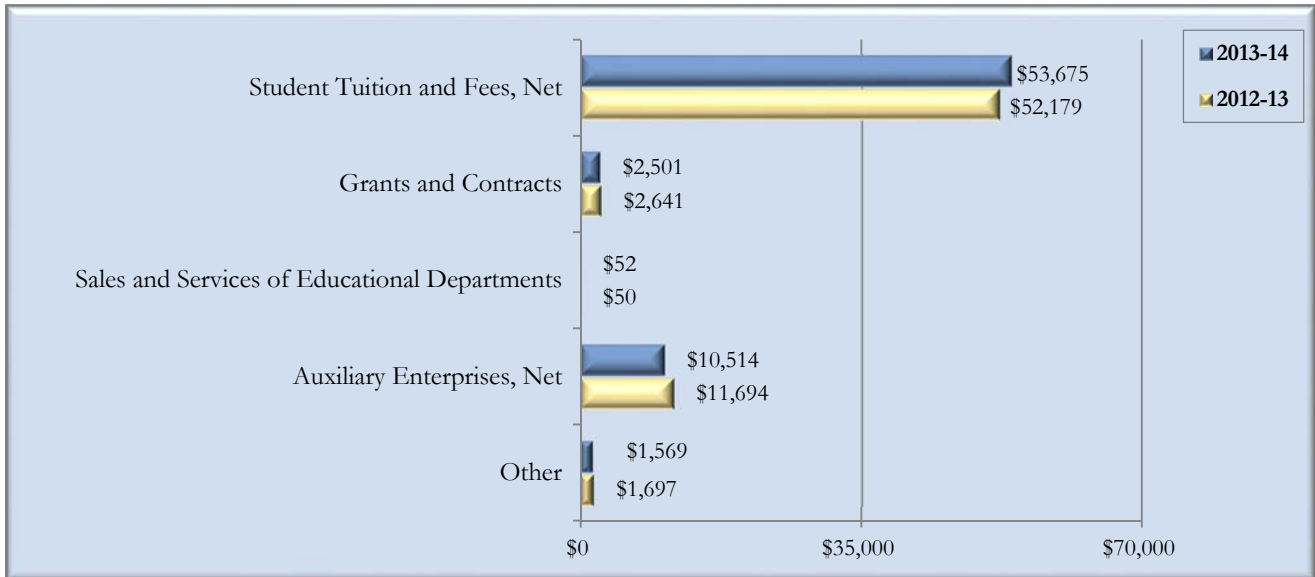
The following summarizes the operating revenues for the College and its component unit by source that were used to fund operating activities for the respective fiscal years ended:

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

	College		Component Unit	
	6-30-14	6-30-13	6-30-14	6-30-13
Student Tuition and Fees, Net	\$ 53,675	\$ 52,179	\$	\$
Grants and Contracts	2,501	2,641	2,631	2,214
Sales and Services of Educational Departments	52	50		
Auxiliary Enterprises, Net	10,514	11,694		
Other	1,569	1,697	832	851
Total Operating Revenues	\$ 68,311	\$ 68,261	\$ 3,463	\$ 3,065

The following chart presents the College’s operating revenues for the 2013-14 and 2012-13 fiscal years:

**Operating Revenues: College
(In Thousands)**



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

- Total net student tuition and fees increased by \$1.5 million, or 2.9 percent, primarily due to an increase in student tuition as a result of a decrease in the scholarship allowance and an increase in student fee revenues from out-of-State students totaling \$1.3 million. A decrease in the scholarship allowance indicates a greater proportion of the tuition was paid by students, or a third party on behalf of the student, instead of a scholarship award.

- Net auxiliary enterprises revenue decreased by \$1.2 million, or 10.1 percent, primarily due to the textbook affordability initiative designed to reduce the prices of textbook and related course material charged by the College-owned bookstore.

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.

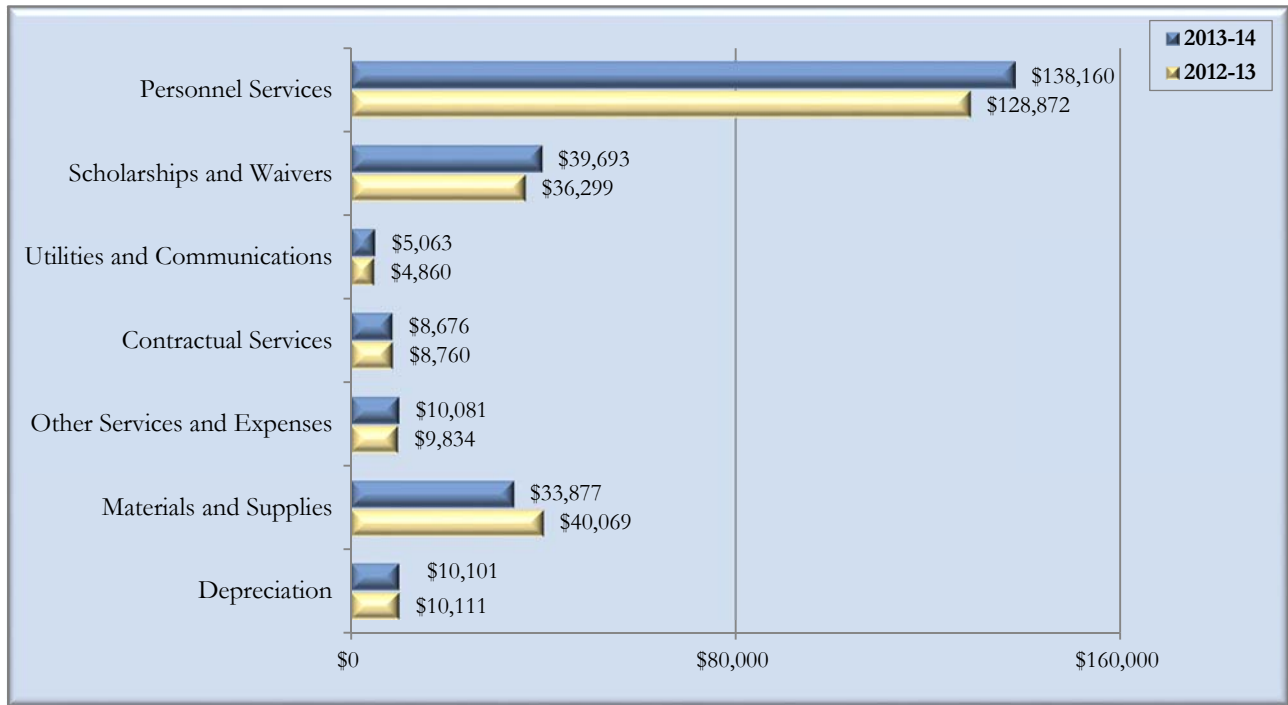
The following summarizes operating expenses by natural classification for the College and its component unit for the respective fiscal years ended:

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

	College		Component Unit	
	6-30-14	6-30-13	3-31-14	3-31-13
Personnel Services	\$ 138,160	\$128,872	\$ 879	\$ 867
Scholarships and Waivers	39,693	36,299	2,103	2,054
Utilities and Communications	5,063	4,860		
Contractual Services	8,676	8,760	37	33
Other Services and Expenses	10,081	9,834	607	626
Materials and Supplies	33,877	40,069	20	28
Depreciation	10,101	10,111	46	92
Total Operating Expenses	\$ 245,651	\$238,805	\$ 3,692	\$ 3,700

The following chart presents the College’s operating expenses for the 2013-14 and 2012-13 fiscal years:

**Operating Expenses: College
(In Thousands)**



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

- Personnel services expense increased by \$9.3 million, or 7.2 percent, due to a 1.85 percent salary increase for full-time and part-time employees. In addition, the associated employee benefit expenses increased because of the additional compensation as a result of the increase in the Florida Retirement System (FRS) percentage rates for the regular class and senior management class rose by 1.77 and 12.01, respectively, over the 2012-13 fiscal year. Personnel services expenses included a one-time \$2.5 million health insurance expense as a result of a contribution to the self-insured health insurance program reserve.
- Scholarships and waivers increased by \$3.4 million, or 9.4 percent, due to an increase in Federal Pell Grant disbursements.
- Materials and supplies expense decreased by \$6.2 million, 15.5 percent, because of the reduction in the purchase of noncapitalized equipment. A significant investment in equipment was made in the 2012-13 fiscal year for Lake Nona Campus Building 1, Osceola Campus Building 4, and West Campus Building 10 when these buildings were placed into operation.

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 2013-14 and 2012-13 fiscal years:

**Nonoperating Revenues (Expenses): College
(In Thousands)**

	<u>2013-14</u>	<u>2012-13</u>
State Noncapital Appropriations	\$ 67,322	\$ 69,296
Federal and State Student Financial Aid	89,089	87,123
Gifts and Grants	5,619	3,481
Investment Income	139	83
Other Nonoperating Revenues	504	411
Interest on Capital Asset-Related Debt	<u>(234)</u>	<u>(257)</u>
Net Nonoperating Revenues	<u>\$ 162,439</u>	<u>\$ 160,137</u>

Net nonoperating revenues increased by \$2.3 million, or 1.4 percent, primarily due to the receipt of revenue from local school districts. As a result of new legislation effective beginning in the 2013-14 fiscal year, school districts were required to pay the standard tuition rate for their students taking courses at the College campus. Prior to this law, no tuition was collected for students enrolled in the College’s dual enrollment program.

Other Revenues, Expenses, Gains, or Losses

This category is composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College’s other revenues, expenses, gains, or losses for the 2013-14 and 2012-13 fiscal years:

**Other Revenues, Expenses, Gains, or Losses: College
(In Thousands)**

	<u>2013-14</u>	<u>2012-13</u>
State Capital Appropriations	\$ 5,628	\$ 6,230
Capital Grants, Contracts, Gifts, and Fees	<u>5,530</u>	<u>5,575</u>
Total Other Revenues	<u>\$11,158</u>	<u>\$11,805</u>

Total other revenues decreased by \$0.6 million, or 5.5 percent, primarily due to the decline in State Capital Appropriations (PECO) for new construction and physical plant maintenance.

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. 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 statement of cash flows also helps users assess:

- An entity’s ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

The following summarizes the College's cash flows for the 2013-14 and 2012-13 fiscal years:

**Condensed Statement of Cash Flows: College
(In Thousands)**

	2013-14	2012-13
Cash Provided (Used) by:		
Operating Activities	\$ (159,737)	\$ (156,116)
Noncapital Financing Activities	162,565	160,138
Capital and Related Financing Activities	10,080	(20,225)
Investing Activities	148	92
Net Increase (Decrease) in Cash and Cash Equivalents	13,056	(16,111)
Cash and Cash Equivalents, Beginning of Year	71,604	87,715
Cash and Cash Equivalents, End of Year	\$ 84,660	\$ 71,604

Major sources of cash came from Federal and State student financial aid (\$89.1 million), State noncapital appropriations (\$67.3 million), Federal Direct Student Loan program receipts (\$57.2 million), net student tuition and fees (\$55.6 million), and bookstore receipts (\$11.2 million). Major uses of cash were for payments to employees and for employee benefits (\$133.7 million), disbursements to students for Federal Direct Student Loans (\$57.1 million), payments to providers of goods and services (\$52.8 million), and payments for scholarships (\$39.7 million).

Cash and cash equivalents increased by \$13.1 million primarily due to a decrease in purchases of capital assets. During the 2013-14 fiscal year, the College did not undertake any major construction or remodeling projects.

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

CAPITAL ASSETS

At June 30, 2014, the College had \$358.6 million in capital assets, less accumulated depreciation of \$112.7 million, for net capital assets of \$245.9 million. Depreciation charges for the current fiscal year totaled \$10.1 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

**Capital Assets, Net at June 30: College
(In Thousands)**

<u>Capital Assets</u>	2014	2013
Land	\$ 31,590	\$ 31,590
Buildings	195,489	202,307
Other Structures and Improvements	8,984	7,650
Furniture, Machinery, and Equipment	3,211	3,606
Asset Under Capital Lease	6,615	
Capital Assets, Net	\$245,889	\$245,153

CAPITAL EXPENSES AND COMMITMENTS

Capital expenses were primarily for the acquisition of other structures and improvements and a capital asset being acquired under a capital lease. The College had no major construction contract commitments at June 30, 2014.

DEBT ADMINISTRATION

As of June 30, 2014, the College had \$4.6 million in outstanding State Board of Education (SBE) capital outlay bonds versus \$5.1 million at June 30, 2013, a decrease of 9.7 percent.

During the 2013-14 fiscal year, the SBE did not issue or refinance capital outlay bonds on behalf of the College. Debt repayments totaled \$490,000. During the 2013-14 fiscal year, the College entered into a capital lease in the amount of \$6,615,433 for a building to be used for the College's administrative offices. Additional information about the College's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, the College received only a modest increase in State funding for the 2014-15 fiscal year. In the 2014-15 fiscal year legislative appropriations, the College received a \$0.9 million, or 1.4 percent, increase from State general revenue and lottery funding. In response, the Board of Trustees increased the tuition rate 4 percent to take effect beginning with the Fall 2014 term. The College's current financial and capital plans indicate that the infusion of additional financial resources from an increase in tuition rates will be necessary to maintain its present level of services.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Operations and Finance, Valencia College, Post Office Box 3028, Orlando, Florida 32802.

BASIC FINANCIAL STATEMENTS

**VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET POSITION
June 30, 2014**

	<u>College</u>	<u>Component Unit</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 41,628,378	\$ 420,024
Restricted Cash and Cash Equivalents	17,211,086	
Accounts Receivable, Net	4,025,142	580,315
Due from Other Governmental Agencies	6,095,983	
Due from Component Unit/College	324,547	15,958
Inventories	2,194,127	
Prepaid Expenses	676,749	20,144
Deposits	8,602	
Other Assets		4,010,614
Total Current Assets	<u>72,164,614</u>	<u>5,047,055</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	25,820,565	174,481
Restricted Investments	108,166	61,075,389
Depreciable Capital Assets, Net	214,298,333	6,827,879
Nondepreciable Capital Assets	31,590,486	2,788,246
Total Noncurrent Assets	<u>271,817,550</u>	<u>70,865,995</u>
TOTAL ASSETS	<u>343,982,164</u>	<u>75,913,050</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,069,578	380,925
Salary and Payroll Taxes Payable	5,713,028	
Retainage Payable	494,610	
Due to Other Governmental Agencies	1,988,558	
Due to Component Unit/College	15,958	324,547
Unearned Revenue	341,283	164,791
Estimated Insurance Claims Payable	8,090,084	
Deposits Held for Others	386,700	
Long-Term Liabilities - Current Portion:		
Bonds Payable	520,000	
Capital Lease Payable	8,531	
Special Termination Benefits Payable	31,199	
Compensated Absences Payable	998,527	
Total Current Liabilities	<u>20,658,056</u>	<u>870,263</u>
Noncurrent Liabilities:		
Bonds Payable	4,040,000	
Capital Lease Payable	6,606,902	
Special Termination Benefits Payable	266,985	
Compensated Absences Payable	7,224,537	
Other Postemployment Benefits Payable	938,519	
Total Noncurrent Liabilities	<u>19,076,943</u>	
TOTAL LIABILITIES	<u>39,734,999</u>	<u>870,263</u>

VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2014

	College	Component Unit
NET POSITION		
Net Investment in Capital Assets	\$ 234,713,386	\$ 9,616,125
Restricted:		
Nonexpendable:		
Endowment		32,621,179
Expendable:		
Endowment		32,788,709
Grants and Loans	16,176,781	
Scholarships	884,005	
Capital Projects	25,325,955	
Debt Service	108,166	
Unrestricted	27,038,872	16,774
TOTAL NET POSITION	\$ 304,247,165	\$ 75,042,787

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

VALENCIA 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, 2014

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship		
Allowances of \$47,577,818	\$ 53,675,283	\$
Federal Grants and Contracts	993,511	
State and Local Grants and Contracts		191,551
Nongovernmental Grants and Contracts	1,507,448	2,439,055
Sales and Services of Educational Departments	51,974	
Auxiliary Enterprises, Net of Scholarship		
Allowances of \$7,791,120	10,514,222	
Other Operating Revenues	1,568,539	832,067
Total Operating Revenues	68,310,977	3,462,673
EXPENSES		
Operating Expenses:		
Personnel Services	138,160,066	878,355
Scholarships and Waivers	39,692,752	2,103,392
Utilities and Communications	5,063,173	
Contractual Services	8,676,555	36,810
Other Services and Expenses	10,081,424	607,498
Materials and Supplies	33,876,767	19,979
Depreciation	10,100,647	46,007
Total Operating Expenses	245,651,384	3,692,041
Operating Loss	(177,340,407)	(229,368)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	67,321,789	
Federal and State Student Financial Aid	89,089,247	
Gifts and Grants	5,619,464	
Investment Income	139,196	1,608,629
Net Gain on Investments		5,703,341
Other Nonoperating Revenues	503,820	
Interest on Capital Asset-Related Debt	(234,525)	
Net Nonoperating Revenues	162,438,991	7,311,970
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(14,901,416)	7,082,602
State Capital Appropriations	5,628,246	
Capital Grants, Contracts, Gifts, and Fees	5,529,909	
Total Other Revenues	11,158,155	
Increase (Decrease) in Net Position	(3,743,261)	7,082,602
Net Position, Beginning of Year	307,990,426	67,960,185
Net Position, End of Year	\$304,247,165	\$ 75,042,787

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

VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014

	<u>College</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 55,574,367
Grants and Contracts	2,311,700
Payments to Suppliers	(52,764,505)
Payments for Utilities and Communications	(5,191,931)
Payments to Employees	(109,575,212)
Payments for Employee Benefits	(24,152,235)
Payments for Scholarships	(39,692,752)
Auxiliary Enterprises, Net	11,221,136
Sales and Service of Educational Departments	51,974
Other Receipts	<u>2,480,759</u>
Net Cash Used by Operating Activities	<u>(159,736,699)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	67,321,789
Federal and State Student Financial Aid	89,089,247
Federal Direct Loan Program Receipts	57,222,802
Federal Direct Loan Program Disbursements	(57,141,349)
Gifts and Grants Received for Other Than Capital or Endowment Purposes	6,044,987
Other Nonoperating Receipts	<u>27,598</u>
Net Cash Provided by Noncapital Financing Activities	<u>162,565,074</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	9,554,724
Capital Grants and Gifts	5,529,909
Proceeds from Sale of Capital Assets	78,297
Purchases of Capital Assets	(4,358,528)
Principal Paid on Capital Debt	(490,000)
Interest Paid on Capital Debt	<u>(234,525)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>10,079,877</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	8,530
Investment Income	<u>139,196</u>
Net Cash Provided by Investing Activities	<u>147,726</u>
Net Increase in Cash and Cash Equivalents	13,055,978
Cash and Cash Equivalents, Beginning of Year	<u>71,604,051</u>
Cash and Cash Equivalents, End of Year	<u>\$ 84,660,029</u>

VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
For the Fiscal Year Ended June 30, 2014

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$(177,340,407)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	10,100,647
Changes in Assets and Liabilities:	
Receivables, Net	2,428,912
Due from Other Governmental Agencies	(491,887)
Inventories	348,181
Prepaid Expenses	136,587
Deposits	1,283
Accounts Payable	516,288
Salaries and Payroll Taxes Payable	254,755
Unearned Revenue	137,978
Estimated Insurance Claims Payable	3,261,548
Special Termination Benefits Payable	16,514
Compensated Absences Payable	626,654
Other Postemployment Benefits Payable	266,248
NET CASH USED BY OPERATING ACTIVITIES	\$(159,736,699)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
The College entered into a new capital lease, which was recognized on the statement of net position, but is not a cash transaction for the statement of cash flows.	\$ 6,615,433

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

VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The governing body of Valencia College, a component unit of the State of Florida, is the District Board of Trustees. The Board constitutes a corporation and is composed of nine members appointed by the Governor and confirmed by the Senate. The District Board of Trustees is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by law and State Board of Education rules. However, the District 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 State Board of Education rules. Geographic boundaries of the District correspond with those of Orange and Osceola Counties.

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

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, Valencia College Foundation, Inc. (Foundation), a legally separate entity, is included within the College's reporting entity as a discretely presented component unit and is governed by a separate board. This organization provides funding and services to support and foster the pursuit of higher education at the College.

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public at the College. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended March 31, 2014.

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

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

VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

- 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

Basis of Accounting. Basis of accounting refers to when revenues, expenses, assets, and liabilities, 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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The College follows GASB standards of accounting and financial reporting.

The College's component unit uses the economic resources measurement focus and accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follows FASB standards of accounting and financial reporting for not-for-profit organizations.

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College calculated its scholarship allowance by identifying within its student accounts receivable system amounts paid by student aid for tuition and books. The amounts are deducted from student tuition and fees, and auxiliary enterprise, respectively.

VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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 money market accounts, and cash placed with the State Board of Administration (SBA) Florida PRIME investment pool. For reporting cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Under this definition, the College considers amounts invested in the SBA Florida PRIME investment pool and in money market accounts to be cash equivalents. College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

At June 30, 2014, the College reported as cash equivalents \$18,887,872 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, as of June 30, 2014, 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 40 days as of June 30, 2014. 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 fair value, which is amortized cost.

Capital Assets. College capital assets consist of land; buildings; other structures and improvements; furniture, machinery, and equipment; and asset under capital lease. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of \$5,000 for tangible personal property and \$50,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- Structures and Improvements:
 - Leasehold Improvements (District Office) – 40 years
 - Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
 - Computer Equipment – 3 years

**VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

- Vehicles, Office Machines, and Educational Equipment – 5 years
- Furniture – 7 years
- Asset Under Capital Lease – 40 years

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, capital lease payable, special termination benefits payable, compensated absences payable, and other postemployment benefits payable that are not scheduled to be paid within the next fiscal year.

2. INVESTMENTS

The College’s 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; 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; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the College’s Board of Trustees as authorized by law. State Board of Education (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.

State Board of Administration Debt Service Accounts. The College reported investments totaling \$108,166 at June 30, 2014, 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 six months or less, and are reported at fair value. The College relies on policies developed by the SBA for managing interest rate risk or credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State’s Comprehensive Annual Financial Report.

Component Unit Investments

Investments held by the College’s component unit at March 31, 2014 are reported as follows:

<u>Investment Type</u>	<u>Amount</u>
Hedge Funds	\$ 8,647,242
Mutual Funds	<u>52,428,147</u>
Total Component Unit Investments	<u>\$ 61,075,389</u>

**VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

3. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for student fee deferments, unused credit memos, and contract and grant reimbursements due from third parties. These receivables are reported net of a \$2,257,778 allowance for uncollectible accounts.

4. DUE FROM OTHER GOVERNMENTAL AGENCIES

This amount primarily consists of a \$3,750,000 capital contribution due from the University of Central Florida for the construction of Osceola Campus Building 4 and \$1,806,792 receivable due from the Florida Prepaid College Program for tuition and fees primarily related to summer term enrollment.

5. DUE FROM AND TO COMPONENT UNIT/COLLEGE

The \$324,547 reported as due from component unit mainly consists of amounts owed to the College by the Foundation for grant expenditure program reimbursements and scholarship costs. The \$15,958 reported as due to component unit primarily consists of amounts owed to the Foundation for donations.

6. INVENTORIES

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

7. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 31,590,486	\$	\$	\$ 31,590,486
Total Nondepreciable Capital Assets	\$ 31,590,486	\$	\$	\$ 31,590,486
Depreciable Capital Assets:				
Buildings	\$278,672,985	\$	\$	\$278,672,985
Other Structures and Improvements	19,871,914	2,767,323		22,639,237
Furniture, Machinery, and Equipment	18,329,523	1,460,402	679,579	19,110,346
Asset Under Capital Lease		6,615,433		6,615,433
Total Depreciable Capital Assets	316,874,422	10,843,158	679,579	327,038,001
Less, Accumulated Depreciation:				
Buildings	76,365,570	6,818,791		83,184,361
Other Structures and Improvements	12,222,345	1,433,121		13,655,466
Furniture, Machinery, and Equipment	14,723,587	1,848,735	672,481	15,899,841
Total Accumulated Depreciation	103,311,502	10,100,647	672,481	112,739,668
Total Depreciable Capital Assets, Net	\$213,562,920	\$ 742,511	\$ 7,098	\$214,298,333

**VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

8. LONG-TERM LIABILITIES

Long-term liabilities of the College at June 30, 2014, include bonds payable, capital lease payable, special termination benefits payable, compensated absences payable, and other postemployment benefits payable. Long-term liabilities activity for the fiscal year ended June 30, 2014, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	\$ 5,050,000	\$	\$ 490,000	\$ 4,560,000	\$ 520,000
Capital Lease Payable		6,615,433		6,615,433	8,531
Special Termination Benefits Payable	281,670	46,703	30,189	298,184	31,199
Compensated Absences Payable	7,596,410	1,267,784	641,130	8,223,064	998,527
Other Postemployment Benefits Payable	672,271	506,979	240,731	938,519	
Total Long-Term Liabilities	\$ 13,600,351	\$ 8,436,899	\$ 1,402,050	\$ 20,635,200	\$ 1,558,257

Bonds Payable. 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. The College had the following bonds payable at June 30, 2014:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
SBE Capital Outlay Bonds:			
Series 2005B	\$ 1,515,000	5.0	2018
Series 2009A, Refunding	325,000	5.0	2019
Series 2010A	2,720,000	3.5 - 5.0	2030
Total	\$ 4,560,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2014, are as follows:

Fiscal Year Ending June 30	SBE Capital Outlay Bonds		
	Principal	Interest	Total
2015	\$ 520,000	\$ 210,025	\$ 730,025
2016	555,000	184,025	739,025
2017	585,000	156,275	741,275
2018	630,000	127,025	757,025
2019	220,000	95,525	315,525
2020-2024	850,000	349,625	1,199,625
2025-2029	980,000	161,275	1,141,275
2030	220,000	8,800	228,800
Total	\$ 4,560,000	\$ 1,292,575	\$ 5,852,575

**VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Capital Lease Payable. The District Office Building in the amount of \$6,615,433 is being acquired under a capital lease agreement. The imputed interest rate is 6.77 percent. Future minimum payments under the capital lease agreement and the present value of the minimum payments as of June 30, 2014, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2015	\$ 456,461
2016	456,461
2017	456,461
2018	456,461
2019	456,461
2020-2024	2,282,305
2025-2029	2,282,305
2030-2034	2,282,305
2035-2039	2,282,305
2040-2044	2,282,305
2045-2049	2,282,305
2050-2054	2,282,305
2055-2059	2,282,305
2060-2064	2,282,305
2065-2069	2,282,305
2070-2074	<u>2,282,304</u>
Total Minimum Payments	27,387,659
Less, Amount Representing Interest	<u>20,772,226</u>
Present Value of Minimum Payments	<u>\$ 6,615,433</u>

Special Termination Benefits Payable. Executive management employees are provided seven days of administrative incentive leave credit each year. Such credit is prorated for each month worked to a maximum of 35 days. Payment of such credited service is made at the time of termination from full-time executive management for any other reason other than cause. Accrued benefits for the 15 participants at June 30, 2014 totaled \$298,184, of which \$31,199 represents the current portion.

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2014, the estimated liability for compensated absences, which includes the College’s share of the Florida Retirement System and FICA contributions, totaled \$8,223,064. The current portion of the compensated absences liability, \$998,527, is the amount expected to be paid in the coming fiscal year based on a historically determined average of the current portion in prior years.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for other postemployment benefits administered by the College and life insurance benefits through purchased commercial insurance.

**VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Plan Description. The Other Postemployment Benefits Plan (Plan) is a single-employer, defined-benefit plan administered by the College. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College’s healthcare and life insurance benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the 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 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 program for their primary healthcare coverage as soon as they are eligible. The College does not issue a stand-alone annual report and the Plan is not included in the annual report of a public employee retirement system or another entity.

Funding Policy. Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and the Board of Trustees can amend plan benefits and contribution rates. The College has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2013-14 fiscal year, 148 retirees received postemployment healthcare benefits and 14 retirees received postemployment life insurance benefits. The College provided required contributions of \$240,731 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled \$1,141,517, which represents 1.7 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation. The College’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the College’s annual OPEB cost for the fiscal year, the amount actually contributed to the Plan, and changes in the College’s net OPEB obligation:

Description	Amount
Normal Cost (Service Cost for One Year)	\$ 345,442
Amortization of Unfunded Actuarial Accrued Liability	157,055
Annual Required Contribution	502,497
Interest on Net OPEB Obligation	26,891
Adjustment to Annual Required Contribution	(22,409)
Annual OPEB Cost (Expense)	506,979
Contribution Toward the OPEB Cost	(240,731)
Increase in Net OPEB Obligation	266,248
Net OPEB Obligation, Beginning of Year	672,271
Net OPEB Obligation, End of Year	\$ 938,519

**VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

The College’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2014, and for the two preceding fiscal years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011-12	\$ 357,937	48.3%	\$ 477,216
2012-13	376,490	48.2%	672,271
2013-14	506,979	47.5%	938,519

Funded Status and Funding Progress. As of July 1, 2013, the most recent valuation date, the actuarial accrued liability for benefits was \$4,711,673, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$4,711,673, and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$67,789,927 for the 2013-14 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The College’s OPEB actuarial valuation as of July 1, 2013, used the projected unit credit actuarial method to estimate the actuarial accrued liability as of June 30, 2014, and the College’s 2013-14 fiscal year ARC. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 4 percent per year, an inflation rate of 3 percent, and an annual healthcare cost trend rate of 8.5 percent pre-Medicare and 6.25 percent Medicare for the 2013-14 fiscal year, reduced by decrements to an ultimate rate of 5 percent after 5 years for pre-Medicare and 4 years for Medicare. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll amortized over 30 years on an open basis. The remaining amortization period at June 30, 2014 was 23 years.

VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

9. RETIREMENT PROGRAMS

Florida Retirement System. Essentially all regular employees of the College are eligible to enroll as members of the State-administered Florida Retirement System (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 Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight 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 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. Members of both Plans 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.

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 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.

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. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service for employer contributions and vest fully and immediately for employee contributions.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2013-14 fiscal year were as follows:

**VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	6.95
Florida Retirement System, Senior Management Service	3.00	18.31
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.84
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.20 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.

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

The College’s liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the College. The College’s contributions including employee contributions for the fiscal years ended June 30, 2012, June 30, 2013, and June 30, 2014, totaled \$4,097,530, \$4,522,692, and \$6,129,236, respectively, which were equal to the required contributions for each fiscal year.

There were 436 College participants in the Investment Plan during the 2013-14 fiscal year. The College’s contributions including employee contributions to the Investment Plan totaled \$1,912,194, which was equal to the required contribution for the 2013-14 fiscal year.

Financial statements and other supplementary information of the FRS are included in the State’s Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services’ Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Division of Retirement’s Web site (www.frs.myflorida.com).

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 eight 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, on behalf of the participant, 7.34 percent of the participant’s salary, less a small amount used to cover administrative costs 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

VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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.

There were 114 College participants during the 2013-14 fiscal year. The College's contributions to the Program totaled \$457,701 and employee contributions totaled \$266,622 for the 2013-14 fiscal year.

10. 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 excess coverage for property insurance of up to \$125 million to February 28, 2014, and up to \$150 million from March 1, 2014. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Life, dental, and vision coverage are provided through purchased commercial insurance with minimum deductibles for each line of coverage.

Self-Insured Program. The Board has established an individual self-insured program to provide group health insurance for its employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to \$175,000 per insured person through December 2013, and \$200,000 from January 2014. The plan is provided by an insurance company licensed by the Florida Department of Financial Services, Office of Insurance Regulation. The College contributes employee premiums as a fringe benefit. Employee dependent coverage is by payroll deduction and coverage for retirees, former employees, and their dependents is by prepaid premium.

The College reports a liability when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The liability includes an amount for claims that have been incurred, but not reported, and an amount for claims administration expense. Because the actual claims liability depends on such complex factors as inflation, change in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. The College reevaluates the claims liability periodically and the claims liability totaled \$8,090,084 as of June 30, 2014. Amounts held by the College in excess of the estimated insurance claims liability at June 30, 2014, totaled \$7,266,474 and are classified as insurance claim deposits. The College will use these amounts to pay claims incurred in future fiscal years.

The following schedule represents the changes in claims liability for the past two fiscal years for the College's self-insured program:

**VALENCIA COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Fiscal Year	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
2012-13	\$ 2,732,349	\$ 11,533,934	\$ (9,437,747)	\$ 4,828,536
2013-14	4,828,536	14,115,818	(10,854,270)	8,090,084

11. 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	\$ 73,613,068
Academic Support	16,169,614
Student Services	26,362,111
Institutional Support	34,846,663
Operation and Maintenance of Plant	28,031,284
Scholarships and Waivers	39,692,752
Auxiliary Enterprises	16,835,245
Depreciation	10,100,647
Total Operating Expenses	\$ 245,651,384

12. RELATED PARTY TRANSACTIONS

The College’s component unit, the Valencia College Foundation, Inc. (Foundation), purchased a 57,680 square foot building in MetroWest, near the West Campus, which it leases to the College. The rent amount to be paid by the College reflects a 6.75 percent return on the Foundation’s total cost basis for the amount expended on the acquisition of and structural improvements to the building. The lease commencement date was April 1, 2014, and expires 60 years from this date. The rental payment is \$456,461 per year, payable semi-annually on January 1 and July 1 of each year. The lease contains a purchase option that may be exercised during the period commencing on January 1, 2020, and expiring on the earlier of May 31, 2073, or the sale of the property to a third party. The purchase price will be the Foundation’s cost basis as of the date the College notifies the Foundation of its election to exercise the purchase option.

**VALENCIA COLLEGE
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2009	\$ -	\$ 3,322,639	\$ 3,322,639	0%	\$ 69,802,412	4.8%
7/1/2011	-	2,931,917	2,931,917	0%	69,025,900	4.3%
7/1/2013	-	4,711,673	4,711,673	0%	67,789,927	7.0%

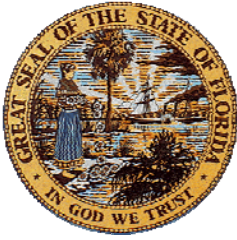
Note: (1) The actuarial cost method used to estimate the actuarial accrued liability is the projected unit credit actuarial method.

**VALENCIA COLLEGE
OTHER REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

1. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN

The July 1, 2013, unfunded actuarial accrued liability of \$4,711,673 was significantly higher than the July 1, 2011, liability of \$2,931,917 primarily due to:

- Demographic assumptions (rates of termination, mortality, disability and retirement) were revised to be consistent with those used for the Florida Retirement System.
- The assumed per capita costs of healthcare were updated.
- The rates of healthcare inflation used to project the per capita healthcare costs were revised.
- The rates of participation in the Plan were adjusted to reflect current experience.
- The conditions for retirement eligibility and rates of retirement were supplemented to accommodate those active employees hired on or after July 1, 2011.



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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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Report on the Financial Statements

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 Valencia College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 26, 2015, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to College management in our operational audit report No. 2015-057.

Purpose of this Report

The purpose of the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** is solely to describe the scope of our testing of internal control and compliance and the result 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 report is not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA
Tallahassee, Florida
March 26, 2015

VALENCIA COLLEGE
 FY 2013-14 Summary of Accounts by General Ledger Code

Version:
 2014.v03

SEE INSTRUCTIONS IN COLUMN Q BEFORE ENTERING DATA

	GL Code	(1) Current Funds - Unrestricted	(2) Current Funds - Restricted	(3) Auxiliary Funds	(4) Loan & Endowment Funds	(5) Scholarship Funds	(6) Agency Funds	(7) Unexpended Plant Funds	(8) Debt Service Funds	(9) Invested in Plant Funds	Total All Funds	GASB AJEs (Describe in NOTES)	ADJUSTED Total All Funds
Residual Student Fees	40991	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUBTOTAL OTHER STUDENT FEES		16,127,569.11	5,991,483.27	305,290.00	0.00	3,728,711.54	0.00	5,529,909.42	0.00	0.00	31,682,963.34	0.00	31,682,963.34
TOTAL STUDENT FEES		93,300,481.62	5,991,483.27	305,290.00	0.00	3,728,711.54	0.00	5,529,909.42	0.00	0.00	108,855,875.85	(49,650,683.04)	59,205,192.81
SUPPORT FROM LOCAL GOVERNMENT													
Grants & Contracts With Cities (Operating)	41500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants & Contracts With Cities (Non-operating)	41520	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants & Contracts With Cities (Capital Financing)	41530	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants & Contracts With Counties (Operating)	41610	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants & Contracts With Counties (Non-operating)	41620	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,924,266.34	1,924,266.34
Grants & Contracts With Counties (Capital Financing)	41630	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
County Ad Valorem Tax Revenue (Non-operating)	41820	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
County Ad Valorem Tax Revenue (Capital Financing)	41830	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indirect Cost Recovered - City & County	41900	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refund to Grantor - Local Government (Operating)	41910	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refund to Grantor - Local Government (Non-operating)	41920	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refund to Grantor - Local Government (Capital Financing)	41930	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB-TOTAL SUPPORT FROM LOCAL GOVERNMENT		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,924,266.34	1,924,266.34
STATE SUPPORT													
Florida College System Program Fund Appropriation	42110	54,754,412.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54,754,412.00	0.00	54,754,412.00
Special Appropriation - Other	42130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Special Appropriation - Workforce Development (disabled)	42140	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Performance Based Incentive Funding - FCSPF	42150	49,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	49,000.00	0.00	49,000.00
Incentive Grants for Expanding Programs	42160	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Critical Deferred Maintenance	42170	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gender Equity Funds	42180	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
License Tag Fees	42210	16,404.00	0.00	0.00	0.00	0.00	0.00	364,641.93	712,554.07	0.00	1,093,600.00	0.00	1,093,600.00
Public Education Capital Outlay	42310	0.00	0.00	0.00	0.00	0.00	0.00	4,551,050.00	0.00	0.00	4,551,050.00	0.00	4,551,050.00
Other State Appropriations	42500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Performance Based Incentive Program	42510	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Student Advising System Appropriation	42570	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Facilities Enhancement Challenge Grants Appropriations	42580	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Distance Learning Grants	42590	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lottery - Community College Program Fund	42610	12,518,377.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,518,377.00	0.00	12,518,377.00
Information Technology Enhancement Grant	42620	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lottery - Facilities Enhancement Challenge Grant	42630	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lottery - Philip Benjamin Grant	42640	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lottery - Capital Projects from Bond Proceeds	42650	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lottery - Capitalization Incentive Funds	42690	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants & Contracts - State (Operating)	42710	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants & Contracts - State (Non-operating)	42720	0.00	583,692.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	583,692.15	0.00	583,692.15
Grants & Contracts - State (Capital Financing)	42730	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants & Contracts - State Student Aid	42725	0.00	0.00	0.00	0.00	8,172,326.34	0.00	0.00	0.00	0.00	8,172,326.34	0.00	8,172,326.34
Indirect Cost Recovered - State	42900	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refund to Grantor - State Government (Operating)	42910	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refund to Grantor - State Government (Non-operating)	42920	19,429.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19,429.45	0.00	19,429.45
Refund to Grantor - State Government (Capital Financing)	42930	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB-TOTAL STATE SUPPORT		67,357,622.45	583,692.15	0.00	0.00	8,172,326.34	0.00	4,915,691.93	712,554.07	0.00	81,741,886.94	0.00	81,741,886.94
FEDERAL SUPPORT													
Grants & Contracts Federal Government (Operating)	43510	0.00	841,111.92	0.00	0.00	117,680.00	0.00	0.00	0.00	0.00	958,791.92	0.00	958,791.92
Grants & Contracts Federal Government (Non-operating)	43520	0.00	3,121,012.42	0.00	0.00	80,916,920.83	0.00	0.00	0.00	0.00	84,037,933.25	0.00	84,037,933.25
Grants & Contracts Federal Government (Capital Financing)	43530	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indirect Cost Recovered (federal)	43900	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refund to Grantor - Federal Government (Operating)	43910	34,719.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34,719.00	0.00	34,719.00
Refund to Grantor - Federal Government (Non-operating)	43920	237,719.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	237,719.70	0.00	237,719.70
Refund to Grantor - Federal Government (Capital Financing)	43930	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB-TOTAL FEDERAL SUPPORT		272,438.70	3,962,124.34	0.00	0.00	81,034,600.83	0.00	0.00	0.00	0.00	85,269,163.87	0.00	85,269,163.87
GIFTS, PRIVATE GRANTS & CONTRACTS													
Cash Contributions	44100	0.00	415,523.57	0.00	0.00	1,507,447.89	0.00	0.00	0.00	0.00	1,922,971.46	0.00	1,922,971.46

VALENCIA COLLEGE
FY 2013-14 Summary of Accounts by General Ledger Code

Version:
2014.v03

SEE INSTRUCTIONS IN COLUMN Q BEFORE ENTERING DATA

	GL Code	(1) Current Funds - Unrestricted	(2) Current Funds - Restricted	(3) Auxiliary Funds	(4) Loan & Endowment Funds	(5) Scholarship Funds	(6) Agency Funds	(7) Unexpended Plant Funds	(8) Debt Service Funds	(9) Invested in Plant Funds	Total All Funds	GASB AJEs (Describe in NOTES)	ADJUSTED Total All Funds
Non-cash Contributions	44200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	10,000.00	0.00	10,000.00
Gifts, Grants & Contracts - Private	44400	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indirect Costs Recovered - Private Sources	44900	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refund to Grantor - Private Sources (Operating)	44910	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refund to Grantor - Private Sources (Non-operating)	44920	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refund to Grantor - Private Sources (Capital Financing)	44930	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB-TOTAL GIFTS, PRIVATE GRANTS & CONTRACTS		0.00	415,523.57	0.00	0.00	1,507,447.89	0.00	0.00	0.00	10,000.00	1,932,971.46	0.00	1,932,971.46
SALES & SERVICES DEPARTMENT													
Bookstore Sales & Commissions	45000	0.00	0.00	17,769,090.57	0.00	0.00	0.00	0.00	0.00	0.00	17,769,090.57	(7,791,119.78)	9,977,970.79
Food Service Sales & Commissions	45600	0.00	0.00	115,200.31	0.00	0.00	0.00	0.00	0.00	0.00	115,200.31	0.00	115,200.31
Food Service Sales & Commissions - Contra	45699	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Housing Fees	46000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commissions	46200	0.00	0.00	118,652.62	0.00	0.00	0.00	0.00	0.00	0.00	118,652.62	0.00	118,652.62
Use of College Facilities	46400	363,664.60	0.00	855,018.70	0.00	0.00	0.00	0.00	0.00	0.00	1,218,683.30	0.00	1,218,683.30
Other Sales & Services	46600	170,882.62	0.00	1,792.48	0.00	0.00	0.00	0.00	0.00	0.00	172,675.10	0.00	172,675.10
Risk Management Consortium Insurance Revenue	46650	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taxable Sales	46700	0.00	0.00	163,943.27	0.00	0.00	0.00	0.00	0.00	0.00	163,943.27	0.00	163,943.27
Interdepartmental Sales	46900	12,976.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,976.00	(12,976.00)	0.00
Interdepartmental Sales - Bookstore	46901	0.00	0.00	105,701.53	0.00	0.00	0.00	0.00	0.00	0.00	105,701.53	(105,701.53)	0.00
Interdepartmental Sales - Catering Food Sales	46902	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interdepartmental Sales - Miscellaneous	46903	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB-TOTAL SALES & SERVICES DEPARTMENT		547,523.22	0.00	19,129,399.48	0.00	0.00	0.00	0.00	0.00	0.00	19,676,922.70	(7,909,797.31)	11,767,125.39
Endowment Income - Addition to Principal	47100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB-TOTAL ENDOWMENT INCOME		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER REVENUES													
Interest & Dividends	48100	68,554.21	0.00	19,114.78	34,167.87	0.00	0.00	32,724.17	3,749.99	0.00	158,311.02	0.00	158,311.02
Gain or Loss on Investments	48200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fines & Penalties	48700	19,821.78	0.00	590.00	0.00	18,229.21	0.00	0.00	0.00	0.00	38,640.99	0.00	38,640.99
Miscellaneous Revenues	48900	284,549.41	5,440.00	51,945.73	0.00	2,804.91	0.00	0.00	0.00	0.00	344,740.05	0.00	344,740.05
SUB-TOTAL OTHER REVENUES		372,925.40	5,440.00	71,650.51	34,167.87	21,034.12	0.00	32,724.17	3,749.99	0.00	541,692.06	0.00	541,692.06
NON-REVENUE RECEIPTS													
Mandatory Transfers-In, Current Funds-Unrestricted	49110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mandatory Transfers-In, Current Funds-Restricted	49120	0.00	95,056.00	0.00	0.00	101,637.26	0.00	0.00	0.00	0.00	196,693.26	(196,693.26)	0.00
Mandatory Transfers-In, Auxiliary Funds	49130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mandatory Transfers-In, Loan, End., Ann. & Life Inc. Funds	49140	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mandatory Transfers-In, Scholarship Funds	49150	0.00	0.00	0.00	0.00	(0.50)	0.00	0.00	0.00	0.00	(0.50)	0.50	0.00
Mandatory Transfers-In, Unexp. Plant & Renewals/Repl. Funds	49170	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mandatory Transfers-In, Retirement of Indebtedness Funds	49180	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-mandatory Transfers-In, Current Funds-Unrestricted	49210	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-mandatory Transfers-In, Current Funds-Restricted	49220	0.00	0.00	44,084.08	0.00	134,466.25	0.00	0.00	0.00	0.00	178,550.33	(178,550.33)	0.00
Non-mandatory Transfers-In, Auxiliary Funds	49230	312,715.65	15,255.46	142,404.70	0.00	0.00	0.00	0.00	0.00	0.00	470,375.81	(470,375.81)	0.00
Non-mandatory Transfers-In, Loan, End., Ann. & Life Inc. Funds	49240	0.00	0.00	0.00	0.00	9,583.75	0.00	0.00	0.00	0.00	9,583.75	(9,583.75)	0.00
Non-mandatory Transfers-In, Scholarship Funds	49250	0.00	0.00	0.00	0.00	471,228.64	0.00	0.00	0.00	0.00	471,228.64	(471,228.64)	0.00
Non-mandatory Transfers-In, Unexp. Plant & Ren./Repl. Funds	49270	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-mandatory Transfers-In, Retirement of Indebtedness Funds	49280	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from Capital Assets & Related Long-term Debt	49500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from Sale of Property	49510	71,496.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	71,496.64	0.00	71,496.64
Insurance Recovery	49520	6,800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,800.00	0.00	6,800.00
Prior Year Corrections	49600	0.00	35.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35.00	0.00	35.00
Loan Principal & Interest Cancellation Reimbursement	49700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over & Short	49900	(34,733.06)	0.00	(187.68)	0.00	0.00	0.00	0.00	0.00	0.00	(34,920.74)	0.00	(34,920.74)
SUB-TOTAL NON-REVENUE RECEIPTS		356,279.23	110,346.46	186,301.10	0.00	716,915.40	0.00	0.00	0.00	0.00	1,369,842.19	(1,326,431.29)	43,410.90
GRAND TOTAL REVENUES		162,207,270.62	11,068,609.79	19,692,641.09	34,167.87	95,181,036.12	0.00	10,478,325.52	716,304.06	10,000.00	299,388,355.07	(56,962,645.30)	242,425,709.77
PERSONNEL COSTS													
Salary - Risk Management Consortium	50110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Executive Management	51000	2,955,256.34	13,659.23	10,000.06	0.00	0.00	0.00	0.00	0.00	0.00	2,978,915.63	0.00	2,978,915.63

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SEE INSTRUCTIONS IN COLUMN Q BEFORE ENTERING DATA

ACCOUNT TITLE	GL CODE	(1) Current Funds - Unrestricted	(2) Current Funds - Restricted	(3) Auxiliary Funds	(4) Loan & Endowment Funds	(5) Scholarship Funds	(6) Agency Funds	(7) Unexpended Plant Funds	(8) Debt Service Funds	(9) Invested in Plant Funds	Total All Funds	GASB AJEs (Describe in NOTES)	ADJUSTED Total All Funds
Reserved for Encumbrance	30100	737,256.51	613,467.52	89,328.51	0.00	0.00	0.00	494,499.36	0.00	0.00	1,934,551.90	0.00	1,934,551.90
Reserved for Performance Based Incentive Funds	30200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserved for Academic Improvement Trust Funds	30300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserved for Other Required Purposes	30400	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserved for Staff & Program Development	30500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserved for Student Activities Funds	30600	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserved for Matching Grants	30700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund Balance - Board Designated	30900	350,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	350,000.00	0.00	350,000.00
Fund Balance - Grantor	31000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund Balance - College	31100	18,399,577.71	1,038,305.99	16,624,291.56	14,525,007.91	884,004.81	0.00	24,831,455.34	108,166.31	0.00	76,410,809.63	0.00	76,410,809.63
Invested In Plant	31200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	234,713,386.17	234,713,386.17	0.00	234,713,386.17
TOTAL RESERVE & UNALLOCATED FUND BALANCES		19,486,834.22	1,651,773.51	16,713,620.07	14,525,007.91	884,004.81	0.00	25,325,954.70	108,166.31	234,713,386.17	313,408,747.70	0.00	313,408,747.70
Amount Expected to be Financed in Future Yrs (negative number)	30800	(9,161,582.93)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(9,161,582.93)	0.00	(9,161,582.93)
TOTAL FUND BALANCES		10,325,251.29	1,651,773.51	16,713,620.07	14,525,007.91	884,004.81	0.00	25,325,954.70	108,166.31	234,713,386.17	304,247,164.77	0.00	304,247,164.77

Prior Year 6-30 Fund Balance	18,556,580.52	(DOES NOT INCLUDE COMPENSATED ABSENCES). AMOUNT SHOULD BE THE SAME FIGURE AS PRIOR YEAR.
Audit Adjustments	0.00	
Other Adjustments	0.00	
Adjusted Prior Year Fund Balance	18,556,580.52	
Grand Total Revenues	162,207,270.62	
Total Funds Available	180,763,851.14	

Unencumbered Fund Balance as % of Total Funds Available

10.3724%

[This calculation has been adjusted to conform to Section 1011.84(3)(e), Florida Statutes by including all technically unencumbered GL codes rather than only 31100]

CHECK AND BALANCE SECTION OF SCHEDULE

RECONCILIATION:

18,556,580.52	Prior year fund balance net of compensated absences (AMOUNT EXPECTED TO BE FINANCED IN FUTURE YEARS)
0.00	Prior year net fund balance from above, minus ADJUSTED PRIOR YEAR FUND BALANCE
0.00	Prior year net fund balance from above, minus PRIOR YEAR 6-30 FUND BALANCE

SNP BALANCE TEST:

Total Assets	37,302,100.47	1,711,739.59	16,845,849.82	14,525,007.91	884,004.81	237,208.51	26,402,726.70	108,166.31	239,273,386.17	337,290,190.29	76,541.00	337,366,731.29
Total Liabilities	26,976,849.18	59,966.08	132,229.75	0.00	0.00	237,208.51	1,076,772.00	0.00	4,560,000.00	33,043,025.52	76,541.00	33,119,566.52
Total Fund Balance	10,325,251.29	1,651,773.51	16,713,620.07	14,525,007.91	884,004.81	0.00	25,325,954.70	108,166.31	234,713,386.17	304,247,164.77	0.00	304,247,164.77
Total Assets - Total Liabilities + Total Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DIVISION CHECK: Assets - Liabilities - Beginning Fund Balance - Revenues + Expenses	0.00	0.00	0.00	0.00	0.00	(0.00)	0.00	0.00	(0.00)	0.00	0.00	0.00