

**DISTRICT SCHOOL BOARD OF
COLLIER COUNTY, FLORIDA**

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

And Reports of Independent Auditor

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

TABLE OF CONTENTS

FINANCIAL SECTION

Report of Independent Auditor	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11-12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Notes to the Financial Statements	21-53

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund	54
Budgetary Comparison Schedule – Special Revenue – Other Federal Programs	55
Schedule of Changes in the District's Total Other Postemployment Benefit Plans – Liability and Related Ratios	56
Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	57
Schedule of District Contributions – Florida Retirement System Pension Plan	57
Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan	58
Schedule of District Contributions – Health Insurance Subsidy Pension Plan	58
Notes to the Required Supplementary Information	59

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

TABLE OF CONTENTS

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	61
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	63
Combining Balance Sheet – Nonmajor Debt Service Funds	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds	65
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	67

COMPLIANCE AND SINGLE AUDIT

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68-69
Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	70-71
Schedule of Expenditures of Federal Awards	72-73
Notes to the Schedule of Expenditures of Federal Awards	74
Schedule of Findings and Questioned Costs	75-76
Summary Schedule of Prior Year Audit Findings.....	77

OTHER REPORTS SECTION

Independent Auditor's Management Letter	78-79
Report of Independent Accountant on Compliance with Local Government Investment Policies	80

Report of Independent Auditor

The Honorable Members of the School Board
District School Board of Collier County, Florida
Naples, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Collier County, Florida (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District'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 school internal funds, which represent 9 percent of the assets and 10 percent of the fund balance of the aggregate remaining fund information in the accompanying financial statements. Additionally, we did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and the aggregate discretely presented component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Collier County, Florida, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 2 and 3 to the financial statements, effective July 1, 2019, the District early adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Orlando, Florida
December 14, 2020

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020

The management of the Collier County District School Board (the "District") has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2020. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to the financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-20 fiscal year are as follows:

On the government-wide financial statements:

As of June 30, 2020, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$816.1 million.

The net position decreased \$13.6 million, which represents a 1.7 percent decrease over the 2018-19 fiscal year. There was a prior period adjustment to beginning net position which increased it by \$6.4 million. In total, net position decreased by \$7.2 million.

General revenues total \$664.3 million, or 96.1 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$26.7 million, or 3.9 percent of all revenues.

Expenses total \$704.6 million. Only \$26.7 million of these expenses and other uses were offset by program revenues, with the remainder paid from general revenues.

On the fund financial statements:

During the current fiscal year, General Fund expenditures and other uses exceeded revenues and other sources in by \$6.0 million. This may be compared to last fiscal year's results, in which General Fund revenues and other sources exceeded expenditures and other uses by \$1.0 million.

At the end of the current fiscal year, the fund balance of the General Fund totals \$88.2 million, which is \$6.0 million less than the prior fiscal year balance. The General fund assigned and unassigned fund balances total \$80.6 million, or 18.1 percent of total General Fund revenues.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components: (1) government-wide financial statements (2) fund financial statements; and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

Government Wide Financial Statements

The government wide financial statements provide both short term and long term information about the District's overall financial condition in a manner similar to those of a private sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net position provides information about the District's financial position, its assets, liabilities, and deferred inflows/outflows of resources, using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equals net position, which is a measure of the District's financial health. The statement of activities presents information about the change in the District's net position, and the results of operations during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020

The government wide statements present the District's activities in the following categories:

- *Governmental Activities:* This represents most of the District's services, including its educational programs such as basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- *Component Units:* The District presents six separate legal entities in this report: Bridgeprep Academy of Collier Charter School, Collier Charter Academy, Gulf Coast Charter Academy South, Inc., Marco Island Academy, A Public Charter High School, Inc., Marco Island Charter Middle School, Inc., and Mason Classical Academy, Inc. Although legally separate organizations, these entities meet the criteria for inclusion provided by generally accepted accounting principles.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government wide statements. All of the District's funds may be classified within one of the broad categories discussed below.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government wide financial statements. However, unlike the government wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long term impact of the government's near term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General, Capital Projects – Local Capital Improvement, Capital Projects – Other Capital Projects and Special Revenue – Other Federal Programs. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

Proprietary Funds: Proprietary funds may be established to account for activities in which a fee is charged for services. Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses the internal service funds to account for group health insurance, workers' compensation insurance, and employee benefit plan. Since these services predominantly benefit governmental rather than business type functions, the internal service funds have been included within governmental activities in the government wide financial statements.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's net pension liability and its progress in funding its obligation to provide other postemployment benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2020, compared to net position as of June 30, 2019:

Net Position, End of Year
(in millions of dollars)

	Governmental Activities	
	June 30, 2020	June 30, 2019
Current and Other Assets	\$ 425.0	\$ 380.7
Capital Assets	910.8	928.3
Total Assets	1,335.8	1,309.0
Deferred Outflows of Resources	106.7	119.2
Long-Term Liabilities	550.7	546.7
Other Liabilities	50.2	28.0
Total Liabilities	600.9	574.7
Deferred Inflows of Resources	25.5	30.2
Net Position:		
Net Investment in Capital Assets	704.5	697.2
Restricted	241.8	216.8
Unrestricted (Deficit)	(130.2)	(90.7)
Total Net Position	\$ 816.1	\$ 823.3

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020

The largest portion of the District's net position is investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position is the result, in part, of accruing \$40.5 million in compensated absences payable, \$5.0 million in other postemployment benefit obligations, and \$296.4 million in net pension liability.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2020 and June 30, 2019 are as follows:

Operating Results for the Fiscal Years Ended June 30, 2020 and 2019
(in millions of dollars)

	Governmental Activities	
	2019-20	2018-19
Program Revenues:		
Charges for Services	\$ 5.6	\$ 6.0
Operating Grants and Contributions	19.1	20.7
Capital Grants and Contributions	2.0	2.0
General Revenues:		
Property Taxes	480.4	450.7
Grants and Contributions Not Restricted to Specific Programs	164.0	169.9
Unrestricted Investment Earnings	5.9	8.8
Miscellaneous	14.0	21.8
Total Revenues	691.0	679.9
Functions/Program Expenses:		
Instruction	394.1	351.8
Student Support Services	24.3	23.1
Instructional Media Services	6.8	6.6
Instruction and Curriculum Development Services	17.0	15.1
Instructional Staff Training Services	11.8	11.0
Instruction-Related Technology	1.8	1.4
Board	1.7	1.3
General Administration	3.3	3.0
School Administration	36.6	33.5
Facilities Acquisition and Construction	74.0	68.1
Fiscal Services	3.6	3.4
Food Services	25.8	26.7
Central Services	11.9	9.8
Student Transportation Services	24.9	24.7
Operation of Plant	35.9	35.3
Maintenance of Plant	17.8	18.7
Administrative Technology Services	4.9	4.1
Unallocated Interest on Long-Term Debt	8.4	9.9
Total Functions/Program Expenses	704.6	647.5
Change in Net Position	(13.6)	32.4
Net Position - Beginning	823.3	790.9
Adjustment to Beginning Net Position (1)	6.4	-
Net Position - Beginning, as Restated	829.7	790.9
Net Position - Ending	\$ 816.1	\$ 823.3

Note: (1) The beginning net position of the District School Board of Collier County was increased by \$6,422,190 due to the early adoption of GASB Statement No. 84, *Fiduciary Activities*.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020

The largest revenue source is the local property tax (69.7 percent), as discussed below. Revenues from State sources (14.6 percent) for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP funding formula utilizes student enrollment data and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Property tax revenues increased by \$29.7 million, or 6.6 percent, as a result of increased taxable values and collections and an increase in the millage rates.

Instruction expenses represent 55.9 percent of total governmental expenses in the 2019-20 fiscal year. Instruction expenses increased by \$42.3 million, or 12 percent, from the previous fiscal year due mainly to an increase of \$13.9 million in salary and benefit related costs, \$2.3 million increase in contractual charter school expenditures, \$17.7 million increase in classroom technology, \$5.1 million increase due to the inclusion of the School Activity Funds and \$3.3 million increase in other instructional related costs.

Student Support Services expenses increased \$1.2 million or 5.2 percent from the 2018-2019 fiscal year. This increase is mainly attributable to the increase of salary and benefit related costs.

Instructional and Curriculum Development Services expenses increased by \$1.9 million or 12.6 percent primarily due to salary and benefit costs.

School Administration expenses increased \$3.1 million or 9.3 percent over the previous year, primarily due to an increase of \$1.2 million in salary and benefit costs, \$1.0 million for the inclusion of the School Activity Funds and \$0.9 in other school administration costs.

The Facilities Acquisition and Construction costs increased \$5.9 million, or 8.7 percent, primarily from increased maintenance and renovations of facilities and the early construction of High School GGG.

Central Services costs increased \$2.1 million or 21.4 percent, primarily from increased cost of salary and benefits.

The Unallocated Interest on Long-term Debt shows a net decrease in the amount of \$1.5 million or 15.1 percent, primarily related to the District's initiative to decrease debt.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance that has not been limited to a particular purpose by an external party, the District, or a group or individual delegated authority by the Board to assign resources for particular purposes.

The total fund balances of governmental funds increased by \$16.6 million during the fiscal year to \$330.1 million at June 30, 2020. There was a prior period adjustment to beginning net position which represented \$6.4 million of the increase in governmental funds. Approximately 8.4 percent of the total is unassigned fund balance (\$27.7 million), which is available for spending at the District's discretion. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form (\$2.8 million), (2) restricted for particular purposes (\$242.9 million), or (3) assigned for particular purposes (\$56.7 million).

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is \$27.7 million, while the total fund balance is \$88.2 million. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is 15.9 percent of the total General Fund expenditures, while total fund balance represents 18.1 percent of total General Fund revenues.

- Total General Fund balance decreased by \$6.0 million during the fiscal year. Key factors impacting the change in fund balance are as follows:
- Total General Fund revenue increased by \$8.3 million or 1.9 percent compared to 2018-2019. This is attributable to the increase in the local property tax rate and property values which resulted in increased tax revenues of \$20.0 million. State funds decreased \$6.6 million, other local revenue decreased \$4.3 million which includes \$1.3 million of interest on investments and Federal through State and Local revenues decreased \$0.8 million.
- Other Financing Sources increased \$21.2 million primarily due to the increase in transfer from capital funds.
- Total expenditures increased by \$34.1 million, or 7.2 percent, due mainly to an increase in staff and employee benefit costs, increase in acquisition of classroom technology and other purchased services.

The Capital Projects – Local Capital Improvement (LCI) Fund has a total fund balance of \$117.3 million. These funds are restricted for the ad valorem (property) tax levy authorized by the Board to support capital improvements. All of the fund balance has been restricted for LCI projects.

The Capital Projects – Other Capital Projects Fund has a total fund balance of \$98.9 million. The fund balance increased in the current fiscal year due to impact fees being set aside for future school construction.

Special Revenue – Other Federal Programs Fund has total revenues and expenditures of \$40.8 million each. This funding represents program revenues and expenditures targeted for specified grant purposes. These funds do not accumulate a fund balance because grant revenues are not recognized until expenditures are incurred.

Proprietary Funds

The District's proprietary funds provide the same type of information reported in the government wide financial statements, but in more detail. Unrestricted net position of the Internal Service Fund increased by \$7.1 million during the 2019-20 fiscal year to \$40.0 million at June 30, 2020. This increase occurred primarily because of decreases in health claims and workers' compensation claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2019-20 fiscal year, the District amended its General Fund budget several times, which resulted in a decrease in total budgeted revenues of \$2.7 million, or 0.6 percent. At the same time, final appropriations are more than the original budgeted amounts by \$24.9 million. Budget revisions occurred primarily from a decrease in grant awards, a decrease in interest income and the collection of additional taxes.

Actual revenues are in line with the final budgeted amounts while actual expenditures are \$19.1 million, or 3.64 percent less than final budget amounts. This variance is due to the following restricted or required carry forwards: encumbrances (\$7.3 million), unspent categorical and restricted funds (\$4.2 million), and unspent carry forward funds on behalf of schools and departments (\$7.6 million). The unspent carry forward funds are larger this year due to the closing of school sites during the COVID-19 pandemic. The ending fund balance decreased by \$14.6 million compared to the original budgeted fund balance.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$910.8 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; construction in progress; audio visual materials, and computer software. The total decrease in capital assets for the current year was 1.9 percent. At June 30, 2020, construction in progress includes 17 renovation projects.

Additional information on the District's capital assets can be found in Note 5, Changes in Capital Assets.

Debt Administration

At June 30, 2020, the District had total long term debt outstanding of \$202.6 million, composed of Certificates of Participation Payable. During the current fiscal year, all outstanding state bonds were retired.

Additional information on the District's long term debt can be found in Note 10, Lease-Purchase Agreements Payable and Note 11, Changes in Long-Term Liabilities.

OTHER MATTERS OF SIGNIFICANCE

Factors Bearing on the District's Future

At the time these financial statements were prepared, the District was aware of four existing circumstances that could significantly affect its financial future:

- Educational funding increases were moderate during the 2020-21 fiscal year. Approximately 38 percent of the funding increase was earmarked for student safety, student mental health, instructional materials, teacher salary enhancement and other restricted funding.
- Property values in the 2020-21 fiscal year show an increase, and State forecasts currently indicate property values will continue to show moderate growth in future years.
- At the final budget hearing in September 2020, the District proposed a 2020-21 fiscal year budget which reflects deficit spending in the amount of \$25.9 million. Funding increases are not keeping pace with rising costs. The deficit will be funded with reserve funds set aside for future budgetary shortfalls. This reserve was created by the District to provide stability during periods of uncertain funding.
- With the onset of the COVID-19 pandemic, the District is anticipating an increase in expenditures on Personal Protective Equipment and other COVID-19 related costs. The District will receive several grants to cover part of these costs but it is still anticipated that there will be a cost impact to the General Operating Fund of the District. The total impact of COVID-19 remains uncertain.

REQUESTS FOR INFORMATION

The Annual Financial Report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Assistant Superintendent of Financial Services, The District School Board of Collier County, 5775 Osceola Trail, Naples, Florida 34109-0919.

BASIC FINANCIAL STATEMENTS

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 396,332,406	\$ 15,211,566
Investments	3,971,210	2,911,379
Accounts receivable, net	813,707	1,647,205
Interest receivable	-	14
Due from other agencies	21,002,503	112,728
Deposits receivable	-	24,735
Inventory	2,362,627	-
Prepaid items	479,839	397,792
Capital assets:		
Nondepreciable capital assets	139,818,606	6,695,243
Depreciable capital assets, net	770,995,073	26,278,015
Total Assets	1,335,775,971	53,278,677
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding of debt	5,629,421	404,435
Pension	100,234,284	1,222,864
Other postemployment benefits	841,535	-
Total Deferred Outflows of Resources	106,705,240	1,627,299
LIABILITIES		
Salaries, benefits, and payroll taxes payable	6,195,409	526,845
Payroll deductions and withholdings	1,535,480	-
Accounts payable	17,930,358	1,036,103
Construction contracts payable	6,138,671	-
Construction contracts payable - retainage percentage	3,111,903	-
Accrued interest	2,512,259	84,308
Deposits payable	-	-
Due to other agencies	2,531,082	-
Unearned revenue	10,198,891	-
Noncurrent liabilities:		
Portion due within one year:		
Notes payable	-	906,973
Obligations under capital leases	-	33,162
Bonds payable	-	455,000
Liability for compensated absences	13,901,643	17,901
Lease-purchase agreements payable	29,672,528	-
Estimated liability for unpaid claims	5,542,000	-
Net other postemployment benefits obligation	304,937	-
Net pension liability	1,652,970	-
Portion due after one year:		
Notes payable	-	2,485,464
Obligations under capital leases	-	71,711
Bonds Payable	-	27,954,644
Liability for compensated absences	26,570,289	5,967
Lease-purchase agreements payable	172,969,349	-
Estimated liability for unpaid claims	572,000	-
Net other postemployment benefits obligation	4,722,169	-
Net pension liability	294,793,073	3,244,405
Other long-term liabilities	-	80,000
Total Liabilities	600,855,011	36,902,483

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

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government	
	Governmental Activities	Component Units
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	\$ 1,093,326	\$ -
Pension	24,340,256	298,789
Other postemployment benefits	90,796	-
Total Deferred Inflows of Resources	<u>25,524,378</u>	<u>298,789</u>
NET POSITION		
Net investment in capital assets	704,550,649	4,225,811
Restricted for:		
Categorical carryover programs	6,148,790	-
Food service	10,284,112	-
Debt service	4,856,738	718,499
Capital projects	213,972,548	7,093,924
Other purposes	6,524,402	1,563,081
Unrestricted (Deficit)	(130,235,417)	4,103,389
Total Net Position	<u>\$ 816,101,822</u>	<u>\$ 17,704,704</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
Primary government:						
Governmental activities:						
Instruction	\$ 394,068,425	\$ 2,870,525	\$ -	\$ -	\$ (391,197,900)	\$ -
Student support services	24,252,012	-	-	-	(24,252,012)	-
Instructional media services	6,836,668	-	-	-	(6,836,668)	-
Instruction and curriculum development services	17,041,822	-	-	-	(17,041,822)	-
Instructional staff training services	11,761,727	-	-	-	(11,761,727)	-
Instructional related technology	1,841,353	-	-	-	(1,841,353)	-
Board	1,670,330	-	-	-	(1,670,330)	-
General administration	3,286,582	-	-	-	(3,286,582)	-
School administration	36,115,704	-	-	-	(36,115,704)	-
Facilities acquisition and construction	74,423,338	-	-	1,998,756	(72,424,582)	-
Fiscal services	3,555,440	-	-	-	(3,555,440)	-
Food services	25,789,819	2,748,827	19,078,984	-	(3,962,008)	-
Central services	11,956,332	-	-	-	(11,956,332)	-
Student transportation services	24,986,663	-	-	-	(24,986,663)	-
Operation of plant	35,925,046	-	-	-	(35,925,046)	-
Maintenance of plant	17,801,704	-	-	-	(17,801,704)	-
Administrative technology services	4,903,648	-	-	-	(4,903,648)	-
Interest on long-term debt	8,430,857	-	-	36,354	(8,394,503)	-
Total governmental activities	<u>704,647,470</u>	<u>5,619,352</u>	<u>19,078,984</u>	<u>2,035,110</u>	<u>(677,914,024)</u>	<u>-</u>
Total primary government	<u>\$ 704,647,470</u>	<u>\$ 5,619,352</u>	<u>\$ 19,078,984</u>	<u>\$ 2,035,110</u>	<u>(677,914,024)</u>	<u>-</u>
Component units:						
Component units	\$ 28,883,751	\$ 409,374	\$ 868,916	\$ 1,331,011		\$ (26,274,450)
Total component units	<u>\$ 28,883,751</u>	<u>\$ 409,374</u>	<u>\$ 868,916</u>	<u>\$ 1,331,011</u>		<u>\$ (26,274,450)</u>
General revenues:						
Property taxes, levied for operational purposes					338,638,312	\$ -
Property taxes, levied for capital projects					141,768,052	-
Grants and contributions not restricted to specific programs					163,959,572	28,301,610
Investment earnings					5,903,601	47,432
Miscellaneous					14,044,989	15,824
Total general revenues					<u>664,314,526</u>	<u>28,364,866</u>
Change in net position					(13,599,498)	2,090,416
Net position - beginning of year					823,279,130	15,614,288
Adjustments to net position					6,422,190	-
Net position - beginning as restated					<u>829,701,320</u>	<u>15,614,288</u>
Net position - end of year					<u>\$ 816,101,822</u>	<u>\$ 17,704,704</u>

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

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
BALANCE SHEET –
GOVERNMENTAL FUNDS

JUNE 30, 2020

	General Fund	Capital Projects - Local Capital Improvement	Capital Projects - Other Capital Projects	Special Revenue - Other Federal Programs	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 105,452,353	\$ 127,114,215	\$ 96,600,694	68,592	\$ 20,893,708	\$ 350,129,562
Investments	-	-	-	-	3,971,210	3,971,210
Accounts receivable, net	80,669	2,798	302,610	-	408	386,485
Due from other funds	4,690,527	536,887	-	-	-	5,227,414
Due from other agencies	1,573,280	24,273	2,628,323	15,925,207	851,420	21,002,503
Inventory	1,009,589	-	-	-	1,353,039	2,362,628
Prepaid items	479,839	-	-	-	-	479,839
Total Assets	\$ 113,286,257	\$ 127,678,173	\$ 99,531,627	\$ 15,993,799	\$ 27,069,785	\$ 383,559,641
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Salaries, benefits and payroll taxes payable	\$ 5,471,126	\$ 53,517	\$ -	\$ 491,452	\$ 163,775	\$ 6,179,870
Payroll deductions and withholdings	1,305,254	23,449	-	139,927	59,926	1,528,556
Accounts payable	15,129,690	1,797,354	12,274	411,852	45,772	17,396,942
Construction contracts payable	-	5,622,737	-	109,006	406,928	6,138,671
Construction contracts payable - retained percentage	-	2,836,243	-	59,106	216,554	3,111,903
Due to other agencies	2,197,260	32,888	-	203,972	88,787	2,522,907
Due to other funds	-	-	536,887	4,690,527	-	5,227,414
Unearned revenue	146,188	-	-	9,736,957	315,746	10,198,891
Total Liabilities	24,249,518	10,366,188	549,161	15,842,799	1,297,488	52,305,154
Deferred inflows of resources:						
Unavailable revenue	842,428	-	99,898	151,000	-	1,093,326
Fund Balances:						
Nonspendable:						
Inventory	1,009,589	-	-	-	1,353,039	2,362,628
Prepaid amounts	479,839	-	-	-	-	479,839
Restricted for:						
State required carryover programs	5,666,249	-	-	-	-	5,666,249
Other purposes	482,541	-	-	-	6,524,402	7,006,943
Debt service	-	-	-	-	7,368,996	7,368,996
Capital projects	-	117,311,985	95,065,776	-	1,594,787	213,972,548
Food service	-	-	-	-	8,931,073	8,931,073
Assigned to:						
General fund	52,889,083	-	-	-	-	52,889,083
Capital projects	-	-	3,816,792	-	-	3,816,792
Unassigned	27,667,010	-	-	-	-	27,667,010
Total Fund Balances	88,194,311	117,311,985	98,882,568	-	25,772,297	330,161,161
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 113,286,257	\$ 127,678,173	\$ 99,531,627	\$ 15,993,799	\$ 27,069,785	\$ 383,559,641

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

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

JUNE 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balance - governmental funds		\$ 330,161,161
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		910,813,679
Internal service funds are used by management to charge the cost of certain activities such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		39,952,011
Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental funds until due.		(2,512,259)
The difference between the acquisition price and the net carrying amount of refunded debt is reported as a deferred outflow of resources in the government-wide statements, but is not reported in the governmental funds.		5,629,421
The deferred outflows and inflows related to pensions and other post employment benefits are applied to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows related to other post employment benefits	\$ 841,535	
Deferred inflows related to other post employment benefits	(90,796)	
Deferred outflows related to pension	100,234,284	
Deferred inflows related to pension	(24,340,256)	<u>76,644,767</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year-end consist of:		
Lease-purchase agreements payable	(202,641,877)	
Compensated absences payable	(40,471,932)	
Other postemployment benefits obligation	(5,027,106)	
Net pension liability	(296,446,043)	<u>(544,586,958)</u>
Total net position of governmental activities		<u>\$ 816,101,822</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects - Local Capital Improvement	Capital Projects - Other Capital Projects	Special Revenue - Other Federal Programs	Other Governmental Funds	Total Governmental Funds
Revenues:						
Federal direct	\$ 535,690	\$ -	\$ -	\$ 5,413,577	\$ -	\$ 5,949,267
Federal through state and local	1,420,594	-	-	32,740,302	18,809,522	52,970,418
State sources	94,518,487	-	2,342,626	1,542,887	2,274,916	100,678,916
Local sources	349,388,849	143,951,831	26,005,283	1,145,057	9,340,277	529,831,297
Total Revenues	445,863,620	143,951,831	28,347,909	40,841,823	30,424,715	689,429,898
Expenditures:						
Current:						
Instruction	328,008,639	-	-	21,977,233	5,038,091	355,023,963
Student support services	19,931,412	-	-	2,704,051	362	22,635,825
Instructional media services	6,247,943	-	-	20,301	118,915	6,387,159
Instruction and curriculum development services	8,492,548	-	-	6,967,845	-	15,460,393
Instructional staff training services	5,333,722	-	-	5,644,594	-	10,978,316
Instruction related technology	1,600,836	-	-	94,851	-	1,695,687
Board	1,430,053	-	-	-	-	1,430,053
General administration	1,771,466	-	-	1,246,831	-	3,018,297
School administration	32,831,555	-	-	140,949	919,965	33,892,469
Facilities acquisition and construction	1,727,758	43,483,435	807,268	599,482	664,366	47,282,309
Fiscal services	3,253,985	-	-	-	-	3,253,985
Food services	-	-	-	-	24,295,852	24,295,852
Central services	10,669,717	-	-	199,961	-	10,869,678
Student transportation services	22,988,747	268,265	-	129,237	2,105	23,388,354
Operation of plant	35,701,637	-	-	56,396	-	35,758,033
Maintenance of plant	16,622,574	-	-	180,050	24	16,802,648
Administrative technology services	4,623,291	-	-	-	-	4,623,291
Capital outlay:						
Facilities acquisition and construction	24,000	12,452,483	3,110,130	381,254	-	15,967,867
Other capital outlay	5,897,919	6,333,145	-	498,788	258,607	12,988,459
Debt service:						
Principal	-	-	-	-	26,231,000	26,231,000
Interest	-	-	-	-	8,116,796	8,116,796
Total Expenditures	507,157,802	62,537,328	3,917,398	40,841,823	65,646,083	680,100,434
Excess (deficiency) of revenues over (under) expenditures	(61,294,182)	81,414,503	24,430,511	-	(35,221,368)	9,329,464
Other Financing Sources (Uses):						
Proceeds from the sale of capital assets	8,450	287,158	-	-	5,755	301,363
Loss recoveries	523,354	-	-	-	-	523,354
Transfers in	54,724,604	-	-	-	33,564,935	88,289,539
Transfers out	-	(86,744,416)	(1,545,123)	-	-	(88,289,539)
Total Other Financing Sources (Uses)	55,256,408	(86,457,258)	(1,545,123)	-	33,570,690	824,717
Net change in fund balances	(6,037,774)	(5,042,755)	22,885,388	-	(1,650,678)	10,154,181
Fund balance - beginning	94,232,085	122,354,740	75,997,180	-	21,000,785	313,584,790
Adjustments to fund balances	-	-	-	-	6,422,190	6,422,190
Fund balance - ending	\$ 88,194,311	\$ 117,311,985	\$ 98,882,568	\$ -	\$ 25,772,297	\$ 330,161,161

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

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	10,154,181
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current period:</p>		
Capital outlays net of amounts not capitalized	\$	29,273,133
Depreciation expense		<u>(46,733,678)</u>
		(17,460,545)
<p>The gain or loss on disposal of capital assets during the current fiscal year is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the fiscal year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the disposed assets.</p>		
		(31,806)
<p>Premiums and refunding costs are reported in governmental funds in the year debt is issued, but are deferred and amortized over the life of the debt in the government-wide statements.</p>		
		(798,397)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease-purchase agreements and bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds in the current period.</p>		
		26,231,000
<p>Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as interest accrued in the government-wide statements.</p>		
		484,338
<p>In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current year.</p>		
		(5,576,722)
<p>Pensions and other postemployment benefit costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net change in these liabilities, related deferred inflows of resources, and related deferred outflows of resources in the current fiscal year.</p>		
Pension		(33,558,704)
OPEB		<u>(124,252)</u>
		(33,682,956)
<p>Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities.</p>		
		<u>7,081,409</u>
Change in net position of governmental activities	\$	<u><u>(13,599,498)</u></u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2020

	Governmental Activities Internal Service Funds
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 46,202,844
Accounts receivable, net	427,221
Total Assets	46,630,065
LIABILITIES	
Current Liabilities:	
Salaries, benefits, and payroll taxes payable	15,539
Payroll deductions and withholding	6,924
Accounts payable	533,416
Due to other agencies	8,175
Estimated unpaid claims - self-insurance program	5,542,000
Total Current Liabilities	6,106,054
Noncurrent Liabilities:	
Estimated liability for long-term claims	572,000
Total Liabilities	6,678,054
NET POSITION	
Unrestricted	39,952,011
Total Net Position	\$ 39,952,011

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2020

	Governmental Activities Internal Service Funds
Operating Revenues:	
Premium revenue	\$ 58,887,342
Total Operating Revenues	<u>58,887,342</u>
Operating Expenses:	
Salaries	600,299
Employee benefits	159,878
Purchased services	6,134,431
Materials and supplies	2,991
Other expenses	45,451,329
Total Operating Expenses	<u>52,348,928</u>
Operating Income	<u>6,538,414</u>
Nonoperating revenues:	
Investment income	<u>542,995</u>
Change in net position	7,081,409
Total net position - beginning of year	<u>32,870,602</u>
Total net position - end of year	<u><u>\$ 39,952,011</u></u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2020

	Governmental Activities Internal Service Funds
Cash flows from operating activities:	
Receipts from customers and users	\$ 58,809,886
Payments to suppliers	(6,181,252)
Payments to employees	(757,526)
Other payments	(47,876,432)
Net cash provided by operating activities	<u>3,994,676</u>
Cash flows from investing activities:	
Interest and dividends received	<u>542,995</u>
Net increase in cash and cash equivalents	<u>4,537,671</u>
Cash and cash equivalents:	
Beginning of year	<u>41,665,174</u>
End of year	<u>\$ 46,202,844</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 6,538,414</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Accounts receivable	(77,456)
Salaries and benefits payable	1,682
Payroll tax liabilities	373
Account payable	32,904
Due to other agencies	759
Estimated unpaid claims - self-insurance program	(2,502,000)
Total adjustments	<u>(2,543,738)</u>
Net cash provided by operating activities	<u>\$ 3,994,676</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1—Summary of Significant Accounting Policies

Description of Government-wide Financial Statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities are supported by taxes, intergovernmental revenues, and other non-exchange transactions. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Reporting Entity – The Collier County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Collier County School District (District) is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Collier County.

Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any legally separate entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading. Based on the application of these criteria, the following component units are included within the District's reporting entity:

Blended Component Unit – The Collier County School Board Foundation, Inc. (Foundation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in *Note 10, Lease-Purchase Agreements Payable*. Due to the substantive economic relationship between the District and the Foundation, the financial activities of the Foundation are included in the accompanying basic financial statements. Separate financial statements for the Foundation are not published.

Discretely Presented Component Units – The component units' columns in the government-wide financial statements include the financial data of the District's other component units. A separate column is used to emphasize that they are legally separate from the District.

The following charter schools are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter schools operate under charters approved by their sponsor, the Collier County District School Board. The charter schools are considered to be component units of the District. Because of the financial relationship to the District and oversight responsibility of the District, it was determined they met the misleading to exclude criteria.

- Bridgeprep Academy of Collier Charter School
- Collier Charter Academy
- Gulf Coast Charter Academy South, Inc.
- Marco Island Academy, A Public Charter High School, Inc.
- Marco Island Charter Middle School, Inc.
- Mason Classical Academy, Inc.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1—Summary of Significant Accounting Policies (continued)

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2020. The audit reports are filed in the District's administrative offices at 5775 Osceola Trail, Naples, Florida 34109-0919.

The Redlands Christian Migrant Association Immokalee Community School (School) is considered a program of the Redlands Christian Migrant Association, Inc. The School is not a component unit of the District and is not reported in the District's financial statements for the 2019-20 fiscal year.

Basis of Presentation - Government-wide Financial Statements – Government-wide financial statements (i.e., the statement of net position and the statement of activities) present information about the District as a whole. These statements include the nonfiduciary financial activity of the District and its component units.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense is allocated to functions based upon the specific programs or activities with which the capital assets are associated.

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The effects of interfund activity have been eliminated from the government-wide financial statements, except for interfund services provided and used.

Basis of Presentation - Fund Financial Statements – The fund financial statements provide information about the District in the governmental and proprietary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service payments on certificates of participation.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1—Summary of Significant Accounting Policies (continued)

- Capital Projects – Other Capital Projects – to account for the financial resources generated by local school impact fees and other local capital resources. Impact fees are the primary source of revenues within this fund and are utilized for new school construction or expanding capacity of current schools.
- Special Revenue – Other Federal Programs – to account for program revenues and expenditures for federal awards that are not federal economic stimulus programs administered through FDOE.

Additionally, the District reports the following proprietary fund type:

- Internal Service Funds – to account for the District's individual self-insurance programs and employee benefits plan.

Measurement Focus and Basis of Accounting – The basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary fund statements are prepared under the economic resources measurement focus and the accrual basis of accounting.

The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

- *Cash and Cash Equivalents* - The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1—Summary of Significant Accounting Policies (continued)

Cash deposits are held by banks qualified as public depositories under Florida law or through the Federally Insured Cash Account program, which complies with the provisions of Section 218.415(23), Florida Statutes. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

- *Investments* – Investments consist of amounts placed in the SBA debt service accounts for investment of debt service moneys, amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes, and those made locally. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

Investments placed in SBA debt service accounts are reported at fair value.

The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at amortized cost, which approximates fair value.

Investments made locally consist of a repurchase agreement and are reported at fair value. Types and amounts of investments held at fiscal year end is described in a subsequent note.

- *Inventories and Prepaid Items* – Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on a moving weighted-average basis for the maintenance, transportation, and food service inventories, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution, and any textbooks inventory is stated at last invoice price. The costs of inventories are recorded as expenditures when used rather than purchased for all inventories except donated foods.

Prepaid items are reported in the governmental funds under the purchases method.

The inventories and prepaid items at fiscal year end are reported as nonspendable fund balance.

- *Capital Assets* – Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those with a unit cost of \$1,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1—Summary of Significant Accounting Policies (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	20 years
Buildings and Fixed Equipment	40 years
Furniture, Fixtures, and Equipment	5 - 20 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	5 years

Current year information relative to changes in capital assets is described in a subsequent note.

- *Pensions* – In the government-wide statement of net position, liabilities are recognized for the District’s proportionate share of each pension plan’s net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The District’s retirement plans and related amounts are described in a subsequent note.

- *Long-Term Liabilities* – Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Bond and certificates of participation (COPs) premiums and discounts are deferred and amortized over the life of the debt using the interest method. Bonds and COPs liabilities are reported net of the applicable bond premium or discount. Certain costs resulting from debt refundings are reported as deferred outflow of resources.

In the governmental fund financial statements, bonds, COPs, and other long-term obligations are not recognized as liabilities until due.

Changes in long-term liabilities for the current year are reported in a subsequent note.

- *Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has three items that qualify for reporting in this category. The first is the deferred loss on refunding of debt reported in the government-wide statement of net position resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred amount on pension reported in the government-wide statement of net position. The deferred outflows of resources related to pensions are discussed in a subsequent note. The third is the deferred amount on other post-employment benefits (OPEB) reported in the government-wide statement of net position. The deferred outflows of resources related to OPEB are discussed in a subsequent note.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1—Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of net position and the balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The deferred inflows of resources related to pensions and OPEB are reported only in the government-wide statement of net position and are discussed in subsequent notes. Both the government-wide statement of net position and the governmental fund balance sheet report as *unearned revenue* and *unavailable revenue*, respectively, certain revenues related to Federal Emergency Management Agency (“FEMA”) claims, state grants designated for charter schools, and a time-restricted local grant designated by the grantor for the upcoming fiscal year.

- *Net Position Flow Assumption* – The District occasionally funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the District’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.
- *Fund Balance Flow Assumptions* – The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.
- *Fund Balance Policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 2020.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by adoption of policy authorized the Assistant Superintendent of Financial Services to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1—Summary of Significant Accounting Policies (continued)

In addition, the District has adopted Board Policy 6210, which provides that the Board shall strive to maintain a strategic reserve in its operating funds totaling 5 percent of the current year's annual estimated General Fund revenues. The strategic reserve may only be utilized by an affirmative vote of four (4) members of the Board. The Board is currently maintaining a balance of at least 5 percent for this reserve.

Revenues and Expenditures/Expenses

- *Program Revenues* – Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.
- *State Revenue Sources* – Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the FDOE under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the FDOE. The FDOE performs certain edit checks on the reported number of FTE and related data and calculates the allocation of funds to the District. The District is permitted to amend its original reporting during specified time periods following the date of the original reporting. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the fiscal year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. SBE rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following fiscal year to be expended for the same educational programs. The FDOE generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

- *District Property Taxes* – The Board is authorized by State law to levy property taxes for district school operations, capital improvements, and debt service.

Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Collier County Property Appraiser, and property taxes are collected by the Collier County Tax Collector.

The Board adopted the 2019 tax levy on September 10, 2019. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 1—Summary of Significant Accounting Policies (continued)

Taxes become a lien on the property on January 1, and are delinquent on April 1, of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

- Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Collier County Tax Collector at fiscal year end but not yet remitted to the District.

Millages and taxes levied for the current year are presented in a subsequent note.

- *Educational Impact Fees* – Collier County imposes an educational impact fee based on an ordinance adopted by the County Commission in 1992. This ordinance was most recently amended in November 2015, when the Board of County Commissioners adopted updated educational impact fees. The educational impact fee is collected for most new residential construction by the County and each municipality within the County based on an interlocal agreement. The fees are to be used solely for the purpose of providing capital improvements to the public educational system necessitated by new residential development and are not to be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to, land acquisition; facility design and construction costs; furniture and equipment; and payment of principal, interest, and related costs of indebtedness necessitated by new residential development.
- *Federal Revenue Sources* – The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.
- *Compensated Absences* – In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.
- *Proprietary Funds Operating and Nonoperating Revenues and Expenses* – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for employee health insurance premiums. Operating expenses include insurance claims and reinsurance premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 2—Accounting Changes

Effective July 1, 2019, the District early adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement addresses a change in how fiduciary activities are identified and reported. The District’s School Internal Accounts were previously reported as a fiduciary fund and will now be reported as a special revenue fund in the Governmental Funds. The determining factor for this change is due to the District’s involvement in administrative control of these funds.

Note 3—Prior Period Adjustments

- *GASB Statement No. 84, Fiduciary Activities*

The beginning net position of the District within the special revenue funds was increased by \$6,422,190 due to the early adoption of GASB Statement No. 84, *Fiduciary Activities*.

Note 4—Cash Deposits and Investments

Cash Deposits with Financial Institutions - Custodial Credit Risk – In the case of deposits, this is the risk that, in the event of a bank failure, the District’s deposits may not be returned to the District. The District does not have a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.

- *Investments* – The District’s investments at June 30, 2020 are reported as follows:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
State Board of Administration:		
Florida PRIME (1)	53 Day Average	\$ 679,582
Master Repurchase Agreement with Bank of America (2)	November 18, 2021	3,971,210
Total Investments, Reporting Entity		\$ 4,650,792

(1) These investments are reported as cash equivalents for financial statement reporting purposes.

(2) Investment is held under a paying agent agreement in connection with the Qualified Zone Academy Bond at US Bank in United States Treasury Inflation Protected Securities for \$3,971,210. See Note 10, *Lease-Purchase Agreements Payable*.

- *Fair Value Measurement* – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District’s investment under the Master Repurchase Agreement with Bank of America is valued using Level 2 inputs.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 4—Cash Deposits and Investments (continued)

- *Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District’s investment policy limits investments of current short-term funds to a maximum of 12 months. Investments of bond reserves, construction moneys, and other core funds shall have a term appropriate to the need for moneys, and in accordance with debt covenants, but in no event shall exceed 3 years.

Florida PRIME uses a weighted average days to maturity (WAM). 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 portfolio to interest rate changes.

For Florida PRIME, with regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states, “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board, State Board of Administration (SBA), can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and reviewed the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.” With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of June 30, 2020, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

- *Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the Local Government Surplus Funds Trust Fund [Florida PRIME], or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

The District’s investment policy limits investments to Florida PRIME; United States Treasury securities, including but not limited to notes, bills, bonds, strips, and State and local government series; obligations of United States Government agencies and instrumentalities; SEC registered money market funds with the highest rating and in compliance with Title 17, Section 270.2a-7, Code of Federal Regulations; securities or other interest in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940; certificates of deposit in State qualified public depositories; and other investments permitted by State statute and not prohibited by this policy.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 4—Cash Deposits and Investments (continued)

As of June 30, 2020, the District's investment in Florida PRIME is rated AAAM by Standard & Poor's.

The District's investment in a master repurchase agreement with Bank of America is authorized under a forward delivery agreement with the Qualified Zone Academy Bonds (QZABs) paying agent. The forward delivery agreement also authorizes the investment of available sinking fund amounts in certain eligible securities, including, without limitation, direct obligations of the Department of the Treasury of the United States of America, and obligations of the following Federal agencies and instrumentalities, which obligations represent the full faith and credit of the United States of America: Farmers Home Administration, General Services Administration, Small Business Administration, Government National Mortgage Association, United States Department of Housing and Urban Development, and Federal Housing Administration.

- *Custodial Credit Risk* – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; (2) if in book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a secured vault.

The District's investment policy requires that securities, with the exception of certificates of deposit, shall be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the District be properly designated as an asset of the District. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State of Florida. Certificates of deposit shall be placed in the provider's safekeeping department for the term of the deposit.

- *Concentration of Credit Risk* – The District does not have a formal investment policy that limits the amount the District may invest in any one issuer. More than 5 percent of the District's investments consist of a repurchase agreement associated with its QZABs. These investments are 85.4 percent of the District's total investments and 100 percent of the investments reported in the nonmajor funds on the governmental funds' balance sheet.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 5—Changes in Capital Assets

Changes in capital assets are presented in the following table:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 90,761,863	\$ -	\$ -	\$ 90,761,863
Land Improvements	33,922,905	-	-	33,922,905
Construction in Progress	21,634,691	7,170,555	13,671,408	15,133,838
Total Capital Assets Not Being Depreciated	146,319,459	7,170,555	13,671,408	139,818,606
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	42,578,060	5,446,664	-	48,024,724
Buildings and Fixed Equipment	1,276,883,820	12,480,514	-	1,289,364,334
Furniture, Fixtures, and Equipment	94,463,665	10,576,161	2,476,292	102,563,534
Motor Vehicles	47,676,000	7,228,008	4,484,555	50,419,453
Audio Visual Materials	39,982	-	10,569	29,413
Computer Software	8,932,155	42,639	919,212	8,055,582
Total Capital Assets Being Depreciated	1,470,573,682	35,773,986	7,890,628	1,498,457,040
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	24,314,226	2,339,695	-	26,653,921
Buildings and Fixed Equipment	555,695,986	32,820,104	-	588,516,090
Furniture, Fixtures, and Equipment	76,256,667	7,566,893	2,444,487	81,379,073
Motor Vehicles	23,513,073	3,929,205	4,484,554	22,957,724
Audio Visual Materials	39,982	-	10,569	29,413
Computer Software	8,767,177	77,781	919,212	7,925,746
Total Accumulated Depreciation	688,587,111	46,733,678	7,858,822	727,461,967
Total Capital Assets Being Depreciated, Net	781,986,571	(10,959,692)	31,806	770,995,073
Governmental Activities Capital Assets, Net	\$ 928,306,030	\$ (3,789,137)	\$ 13,703,214	\$ 910,813,679

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 5—Changes in Capital Assets (continued)

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 18,154,150
Student Support Services	22,856
Instructional Media Services	1,189
Instruction and Curriculum Development Services	141,920
Instructional Staff Training Services	54,227
Board	26,646
General Administration	34,389
School Administration	58,664
Facilities Acquisition and Construction	26,724,356
Fiscal Services	24,821
Food Services	666,052
Central Services	173,959
Student Transportation Services	495,415
Operation of Plant	30,234
Maintenance of Plant	122,445
Administrative Technology Services	2,355
Total Depreciation Expense - Governmental Activities	<u>\$ 46,733,678</u>

Note 6—Retirement Plans

Florida Retirement System – Defined Benefit Pension Plans

- *General Information about the FRS* – The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree HIS Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6—Retirement Plans (continued)

The District's pension expense totaled \$55,871,507 for the fiscal year ended June 30, 2020.

- **FRS Pension Plan**

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

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.
- *Senior Management Service* – Members in senior management level positions.

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

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6—Retirement Plans (continued)

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
Regular Members Initially Enrolled Before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Members Initially Enrolled On or After July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected County Officers	3.00
Senior Management Service	2.00

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

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2019-20 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	8.47
FRS, Elected County Officers	3.00	48.82
FRS, Senior Management Service	3.00	25.41
DROP - Applicable to		
Members from All of the Above Classes	0.00	14.60
FRS, Re-employed Retiree	(2)	(2)

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

(2) Contribution rates are dependent upon retirement class in which re-employed.

The District's contributions to the Plan totaled \$17,919,382 for the fiscal year ended June 30, 2020.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6—Retirement Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the District reported a liability of \$199,024,175 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District’s proportionate share of the net pension liability was based on the District’s 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the District’s proportionate share was 0.577910049 percent, which was a decrease of 0.006891441 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized the Plan pension expense of \$48,303,567. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 11,804,693	\$ 123,513
Change of Assumptions	51,117,971	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	-	11,011,056
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	1,144,564	4,206,000
District FRS Contributions Subsequent to the Measurement Date	17,249,000	-
Total	<u>\$ 81,316,228</u>	<u>\$ 15,340,569</u>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$17,249,000, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2021	\$ 17,733,112
2022	4,473,258
2023	13,140,659
2024	10,271,933
2025	2,532,368
Thereafter	575,329
Total	<u>\$ 48,726,659</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6—Retirement Plans (continued)

Actuarial Assumptions – The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, including inflation
Long-term Expected Rate of Return	6.90 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.3%	3.3%	1.2%
Fixed Income	18%	4.1%	4.1%	3.5%
Global Equity	54%	8.0%	6.8%	16.5%
Real Estate (property)	10%	6.7%	6.1%	11.7%
Private Equity	11%	11.2%	8.4%	25.8%
Strategic Investments	6%	5.9%	5.7%	6.7%
Total	<u>100%</u>			
Assumed inflation - Mean			2.6%	1.7%

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

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2019 valuation was updated from 7.00 percent to 6.90 percent.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6—Retirement Plans (continued)

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90 percent) or 1 percentage point higher (7.90 percent) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 344,046,524	\$ 199,024,175	\$ 77,905,984

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

Payables to the Pension Plan – At June 30, 2020, the District reported a payable of \$1,859,505 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2020.

- **HIS Pension Plan**

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

Benefits Provided – For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$4,834,875 for the fiscal year ended June 30, 2020.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6—Retirement Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the District reported a liability of \$97,421,868 for its proportionate share of the HIS Plan’s net pension liability. The current portion of the net pension liability is the District’s proportionate share of benefit payments expected to be paid within 1 year, net of the District’s proportionate share of the HIS Plan’s fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, and update procedures were used to determine liabilities as of July 1, 2019. The District’s proportionate share of the net pension liability was based on the District’s 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the District’s proportionate share was 0.870693308 percent, which was an increase of 0.000827933 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized the HIS Plan pension expense of \$7,567,940. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,183,297	\$ 119,290
Change of Assumptions	11,280,532	7,962,469
Net Difference Between Projected and Actual Earning on HIS Pension Plan Investments	62,865	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	1,327,559	917,928
District HIS Contributions Subsequent to the Measurement Date	5,063,803	-
Total	<u>\$ 18,918,056</u>	<u>\$ 8,999,687</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6—Retirement Plans (continued)

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$5,063,803, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2021	\$ 1,993,050
2022	1,502,686
2023	822,173
2024	(523,154)
2025	305,820
Thereafter	753,991
Total	<u>\$ 4,854,566</u>

Actuarial Assumptions – The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, including inflation
Municipal Bond Rate	3.50 percent

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

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

Discount Rate – The discount rate used to measure the total pension liability was 3.50 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.87 percent to 3.50 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 111,212,057	\$ 97,421,868	\$ 85,936,202

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6—Retirement Plans (continued)

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

Payables to the Pension Plan – At June 30, 2020, the District reported a payable of \$408,786 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2020.

- **FRS – Defined Contribution Pension Plan**

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2019-20 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 6—Retirement Plans (continued)

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

The District's Investment Plan pension expense totaled \$5,340,651 for the fiscal year ended June 30, 2020.

Payables to the Investment Plan – At June 30, 2020, the District reported a payable of \$688,845 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2020.

Note 7—Other Postemployment Benefit Obligations

Plan Description – The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District that provides OPEB for all employees who satisfy the District's retirement eligibility provisions. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in the District's self-insured health and hospitalization plan for medical and prescription drug benefits and fully-insured life insurance coverage. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through action from the Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Statement No. 75.

Benefits Provided – The OPEB Plan provides self-insured health and hospitalization plan for medical and prescription drug benefits and fully-insured life insurance coverage benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	171
Active Employees	<u>5,211</u>
Total	<u><u>5,382</u></u>

Total OPEB Liability –The District's total OPEB liability of \$5,027,106 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 7—Other Postemployment Benefit Obligations (continued)

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

Inflation	3.00 percent, annually
Salary Increases	3.00 percent, annually
Discount Rate	1.65 percent
Healthcare Cost Trend Rates	6.00 percent for 2021, then 5.00 percent for 2022 and later years

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Index.

Mortality rates were based on the RP-2014 Mortality Fully Generational using Projection Scale MP-2018.

Changes in the Total OPEB Liability

	<u>Amount</u>
Balance at June 30, 2019	<u>\$ 4,523,765</u>
Changes for the year:	
Service Cost	242,520
Interest	106,581
Differences Between Expected and Actual Experience	145,223
Changes of Assumptions or Other Inputs	273,686
Benefit Payments	<u>(264,669)</u>
Net Changes	<u>503,341</u>
Balance at June 30, 2020	<u><u>\$ 5,027,106</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.30 percent as of June 30, 2019, to 1.65 percent as of June 30, 2020. All other assumptions are consistent with those used in the prior valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following table presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.65 percent) or 1 percentage point higher (2.65 percent) than the current rate:

	<u>1% Decrease (0.65%)</u>	<u>Current Discount Rate (1.65%)</u>	<u>1% Increase (2.65%)</u>
Total OPEB Liability	\$ 5,485,554	\$ 5,027,106	\$ 4,613,788

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 7—Other Postemployment Benefit Obligations (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following table presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.00 percent decreasing to 4.00 percent) or 1 percentage point higher (7.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (5.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Total OPEB Liability	\$ 4,502,737	\$ 5,027,106	\$ 5,646,851

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$388,921. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 285,677	\$ 90,796
Changes of Assumptions	555,858	-
Total	\$ 841,535	\$ 90,796

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2021	\$ 87,261
2022	87,261
2023	87,261
2024	87,261
2025	87,261
Thereafter	314,434
Total	\$ 750,739

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 8—Construction and Other Significant Commitments

Construction Contracts – Encumbrances include the following major construction contract commitments at June 30, 2020:

PROJECT	CONTRACT AMOUNT	COMPLETED TO DATE	BALANCE COMMITTED
GULF COAST HIGH SCHOOL RENOVATE TERMINAL A/C AND UPGRADE CONTROL SYSTEM CONTRACTOR-OWEN-AMES-KIMBALL	\$ 1,320,151	\$ 1,015,699	\$ 304,452
GOLDEN GATE HIGH SCHOOL REPLACE ICE TANKS WITH WATER TANK, REPLACE CHILLED WATER LINES CONTRACTOR - OWEN-AMES-KIMBALL	2,647,919	2,477,719	170,200
PALMETTO RIDGE HIGH SCHOOL REPLACE ICE TANKS WITH WATER TANKS CONTRACTOR - OWEN-AMES-KIMBALL	2,851,342	2,458,958	392,384
ELEMENTARY L EARTHWORK AND DRAINAGE FOR SITE L CONTRACTOR - OWEN-AMES-KIMBALL	1,456,787	1,409,513	47,274
HIGH SCHOOL GGG NEW HIGH SCHOOL ARCHITECT - ZYSCOVICH INC.	5,276,650	1,543,805	3,732,845
LAUREL OAK ELEMENTARY CONSTRUCT ALTERNATIVE PE PAVILION CONTRACTOR - OWEN-AMES-KIMBALL	320,190	253,678	66,512
PALMETTO ELEMENTARY SCHOOL ADDITIONAL BUS LOOP CANOPY, FENCING AND SIDEWALK CONTRACTOR - OWEN-AMES-KIMBALL	318,744	24,656	294,088
CYPRESS PALM MIDDLE SCHOOL CONSTRUCT CENTRAL THERMAL ENERGY PLANT CONTRACTOR - OWEN-AMES-KIMBALL	5,446,529	5,019,372	427,157
IMMOKALEE HIGH SCHOOL DESIGN OF NEW ADDITION AND RENOVATIONS ARCHITECT - ZYSCOVICH INC.	1,103,616	132,863	970,753
CALUSA PARK ELEMENTARY CONSTRUCT CONNECTING SIDEWALK TO BUS LOOP CONTRACTOR - HALFACRE CONSTRUCTION COMPANY	23,967	23,701	266
LORENZO WALKER TECHNICAL COLLEGE PARKING LOT EXPANSION CONTRACTOR - OWEN-AMES-KIMBALL	844,479	681,065	163,414
PALMETTO ELEMENTARY SCHOOL CONSTRUCT COVERED DINING AREA AND MARQUEE SIGN CONTRACTOR - OWEN-AMES-KIMBALL	121,178	51,038	70,140
LORENZO WALKER TECHNICAL COLLEGE MATERIAL TESTING SERVICES FOR PARKING ADDITIONS CONTRACTOR - UNIVERSAL ENGINEERING SCIENCES	1,595	455	1,140
GULF COAST HIGH SCHOOL INSTALL CONCRETE SIDEWALKS AND REPAIR IRRIGATION LINES UNDER SIDEWALK CONTRACTOR - OWEN-AMES-KIMBALL	46,733	3,690	43,043
LELY HIGH SCHOOL CONSTRUCT CONNECTING SIDEWALK OUTSIDE OF WEIGHT ROOM 3-172 CONTRACTOR - HALFACRE CONSTRUCTION COMPANY	28,303	22,368	5,935
HIGH SCHOOL GGG ENVIROMENTAL SERVICES CONTRACTOR - PASSARELLA & ASSOCIATES INC	45,000	10,780	34,220
CORKSCREW MIDDLE SCHOOL REPLACE GUTTERS & DOWNSPOUTS & INSTALL SIDEWALK CONTRACTOR - OWEN-AMES-KIMBALL	238,278	4,478	233,800
TOTAL	<u>\$ 22,091,461</u>	<u>\$ 15,133,838</u>	<u>\$ 6,957,623</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 8—Construction and Other Significant Commitments (continued)

Encumbrances – Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next fiscal year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2020:

<u>Funds</u>	<u>Encumbrances</u>
Major Funds:	
General	\$ 7,372,894
Capital Projects:	
Local Capital Improvement	56,470,745
Other Capital Projects	3,770,065
Special Revenue	496,228
Nonmajor Governmental Funds	<u>2,112,551</u>
Total	<u>\$ 70,222,483</u>

Note 9—Risk Management Programs

The District 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 District is a member of the Preferred Governmental Insurance Trust (Trust) under which local governmental entities have established a combined limited self-insurance program for property and automobile protection by the participating members of the Trust. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Board of Trustees for the Trust is composed of elected or appointed officials from the participating members. The Trust is administered by Public Risk Underwriters.

The District has contracted with a third-party administrator (TPA) to manage the health and hospitalization self-insurance program, including the processing, investigating, and payment of claims. The TPA notifies the District of the scheduled claims disbursements, and the District transfers the required funds into the District's Health Care Claims Account. The TPA then draws on this account to pay claims submitted by District employees, their dependents, and participating retirees. Settled claims resulting from the risks described above have not exceeded commercial insurance coverage in any of the past 3 fiscal years. A liability for unpaid healthcare claims in the amount of \$4,035,000 was actuarially determined at June 30, 2020.

The District provides a medical and dependent care flexible benefits plan that allows employees to utilize pre-tax dollars, thus reducing their taxable income and taxes. The District has contracted with a TPA to manage this plan. The TPA notifies the District of scheduled claims disbursements, and the District transfers the required funds into the District's Flexible Benefits Account. The TPA then draws on this account to pay claims submitted by District employees. The District has limited liability for this plan as it is funded by employee payroll deductions. Settled claims have not exceeded the resources within the fund for the past 3 years.

The District also contracts with a TPA to manage its workers' compensation self-insurance program that includes provisions for specific excess loss reinsurance. The TPA handles the processing, investigating, and payment of claims. The District's program is reviewed annually by an actuary to determine the long-term exposure for workers' compensation claims. The trend over the last few years has been stable and claims exposure and related long-term liabilities have remained relatively constant. The liability for workers' compensation at June 30, 2020, of \$2,079,000 was discounted to net present value using an annual rate of 2.5 percent.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 9—Risk Management Programs (continued)

A liability in the amount of \$6,114,000 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable for the health and hospitalization and workers' compensation self-insurance programs at June 30, 2020.

The following schedule represents the changes in claims liability for the past 2 fiscal years for the District's self-insurance program:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2018-19	\$ 7,054,000	\$ 51,221,103	\$ (49,659,103)	\$ 8,616,000
2019-20	8,616,000	45,407,078	(47,909,078)	6,114,000

Other required insurance coverage such as general liability, automobile, and student accident is being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

Note 10—Lease-Purchase Agreements Payable

Certificates of Participation – COPs at June 30, 2020, are as follows:

Series	Amount Outstanding	Interest Rates (Percent)	Lease Term Maturity	Original Amount
Series 2005A, Refunding	\$ 35,680,000	5.25	2022	\$ 106,345,000
Series 2005-QZAB	4,192,000	None	2021	4,192,000
Series 2010, COPS Refunding	5,900,000	2.74	2022	27,675,000
Series 2014A, COPS Refunding	<u>155,985,000</u>	3.05	2026	164,765,000
Subtotal	201,757,000			
Plus: Unamortized Premiums	<u>884,877</u>			
Total Certificates of Participation	<u><u>\$ 202,641,877</u></u>			

The District entered into a master financing arrangement on August 1, 1992, which was characterized as a lease-purchase agreement, with the Collier County School Board Foundation, Inc. (Foundation), whereby the District secured financing of various educational facilities. The financing was accomplished through the issuance of COPs to be repaid from the proceeds of rents paid by the District.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 10—Lease-Purchase Agreements Payable (continued)

As a condition of the financing arrangement, for each project against which the trustee has rights, the District has given a ground lease on District property to the Foundation, with a rental fee of \$10 per year. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. The master lease-purchase agreement, together with the lease schedule related to each project, is renewable for successive 1-year terms through the final maturity of the applicable series of certificates. If the District fails to renew any lease and provide for the rent payments through maturity, the District may be required to surrender the sites included under the ground leases for the benefit of the owners of the COPs for the remaining term of the ground leases.

The District properties included in the various ground leases under this arrangement include Immokalee Middle School, Lely Elementary School, Lake Trafford Elementary School, Vineyards Elementary School, Laurel Oak Elementary School, Oakridge Middle School, Barron Collier High School, Pine Ridge Middle School, Highlands Elementary School, Manatee Middle School, Manatee Elementary School, Gulfview Middle School, Immokalee High School, Lorenzo Walker Institute of Technology, Everglades City School, Gulf Coast High School, Pelican Marsh Elementary School, Calusa Park Elementary School, Sabal Palm Elementary School, North Naples Middle School, Palmetto Ridge High School, Golden Gate High School, Pinecrest Elementary School, Golden Gate Middle School, Village Oaks Elementary School, Mike Davis Elementary School, Marco Charter Middle School, Immokalee High School Renovations, Immokalee Technical Center, Naples High School Gymnasium, and Lorenzo Walker Technical High School.

With the exception of the Series 2005-QZABs, the lease payments are payable by the District semiannually, on August 15 and February 15, and must be remitted by the District as of the preceding June and January 15, respectively.

The 2005-QZABs were issued by the Foundation under a special program whereby the certificates, bearing an original issue date of November 18, 2005, will mature in full on November 18, 2021. There is no interest cost for borrowing moneys under this program. The District entered into a forward delivery agreement under which mandatory deposits (rent payments) of \$523,907 for 5 consecutive years began on November 18, 2005. The forward delivery agreement provides a guaranteed investment return whereby the required deposits, along with accrued interest, will be sufficient to redeem the certificates at maturity. The invested assets accumulated pursuant to the forward delivery agreement are held under a trust agreement until the certificates mature. The certificates are secured by the assets held under the trust agreement in the event of cancellation or default.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 10—Lease-Purchase Agreements Payable (continued)

The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 35,632,402	\$ 28,840,000	\$ 6,792,402
2022	41,035,697	35,517,000	5,518,697
2023	36,955,700	32,765,000	4,190,700
2024	37,001,368	33,810,000	3,191,368
2025	37,020,162	34,860,000	2,160,162
2026	37,061,933	35,965,000	1,096,933
Total Minimum Lease Payments	224,707,262	201,757,000	22,950,262
Plus: Unamortized Premiums	884,877	884,877	-
Total	\$ 225,592,139	\$ 202,641,877	\$ 22,950,262

Note 11—Changes In Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
GOVERNMENTAL ACTIVITIES					
Lease-Purchase Agreements					
Payable, Net	\$ 230,371,937	\$ -	\$ 27,730,060	\$ 202,641,877	\$ 29,672,528
Bonds Payable, Net	44,788	-	44,788	-	-
Other Postemployment					
Benefits Payable	4,523,765	768,010	264,669	5,027,106	304,937
Estimated Insurance					
Claims Payable	8,616,000	45,407,078	47,909,078	6,114,000	5,542,000
Compensated Absences Payable	34,895,210	19,478,365	13,901,643	40,471,932	13,901,643
Net Pension Liability	268,212,768	159,673,594	131,440,319	296,446,043	1,652,970
Total Governmental Activities	\$ 546,664,468	\$ 225,327,047	\$ 221,290,557	\$ 550,700,958	\$ 51,074,078

For the governmental activities, compensated absences, pensions, and other postemployment benefits are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with the resources of the internal service funds, as discussed in *Note 9, Risk Management Programs*.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 12—Fund Balance Reporting

The following is a schedule of fund balances by category at June 30, 2020:

	Major Funds					Total Governmental Funds
	General	Capital Projects - Local Capital Improvement	Capital Projects - Other Capital Projects	Special Revenue - Other Federal Programs	Nonmajor Governmental Funds	
Fund Balances						
Nonspendable:						
Prepaid Items	\$ 479,839	\$ -	\$ -	\$ -	\$ -	\$ 479,839
Inventories	1,009,589	-	-	-	1,353,039	2,362,628
Restricted:						
State Categoricals	3,532,156	-	-	-	-	3,532,156
Food Service	-	-	-	-	8,931,073	8,931,073
Debt Service	-	-	-	-	7,368,996	7,368,996
Capital Projects	-	117,311,985	95,065,776	-	1,594,787	213,972,548
Workforce Programs	1,768,328	-	-	-	-	1,768,328
School Improvement	365,765	-	-	-	-	365,765
Special Revenue	-	-	-	-	6,524,402	6,524,402
Other Restriction	482,541	-	-	-	-	482,541
Assigned:						
Next FY Deficit	29,493,817	-	-	-	-	29,493,817
Purchases Outstanding at Year End	7,340,813	-	-	-	-	7,340,813
School Carry Forwards	7,264,453	-	-	-	-	7,264,453
FTE Audit	90,000	-	-	-	-	90,000
Low Perform Schools	1,200,000	-	-	-	-	1,200,000
Enterprise SW	5,000,000	-	-	-	-	5,000,000
FTE Shortfall/Prorated	2,500,000	-	-	-	-	2,500,000
Capital Projects	-	-	3,816,792	-	-	3,816,792
Unassigned:						
Reserve for Future Budget Shortfalls	3,867,010	-	-	-	-	3,867,010
Strategic Reserve	23,800,000	-	-	-	-	23,800,000
Total Fund Balances	\$88,194,311	\$ 117,311,985	\$ 98,882,568	\$ -	\$ 25,772,297	\$330,161,161

Minimum Fund Balance Policy – Pursuant to Board Policy 6210, the Board has set a goal of 5 percent of annual resources designated as a strategic reserve. The strategic reserve shall only be utilized by an affirmative vote of four (4) members of the Board. As of June 30, 2020, the Board had designated \$23.8 million of the unassigned fund balance as a strategic reserve.

In addition to committed and assigned fund balance categories discussed in the Fund Balance Policies portion of *Note 1, Summary of Significant Accounting Policies*, fund balances may be classified as follows:

- *Nonspendable Fund Balance* – Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 12—Fund Balance Reporting (continued)

- *Restricted Fund Balance* – Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.
- *Unassigned Fund Balance* – The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

Note 13—Interfund Receivables, Payables, and Transfers

The following is a summary of interfund receivables and payables reported in the fund financial statements:

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major:		
General	\$ 4,690,527	\$ -
Capital Projects:		
Local Capital Improvement	536,887	-
Other Capital Projects	-	536,887
Special Revenue - Other Federal Programs	-	4,690,527
Total	<u>\$ 5,227,414</u>	<u>\$ 5,227,414</u>

At fiscal year end, the District had expenditures in its major funds for special revenue projects that had not yet been reimbursed by the grantor agencies. These expenditures were paid from the General Fund.

The following is a summary of interfund transfers reported in the fund financial statements:

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major:		
General	\$ 54,724,604	\$ -
Capital Projects:		
Local Capital Improvement	-	86,744,416
Other Capital Projects	-	1,545,123
Nonmajor Governmental	33,564,935	-
Total	<u>\$ 88,289,539</u>	<u>\$ 88,289,539</u>

Transfers to the General Fund were to reimburse expenditures for repairs and maintenance projects, property casualty insurance premiums, equipment purchases, and for other operational purposes. Transfers to the Debt Service – Other Fund (nonmajor governmental) were to provide moneys for scheduled debt service payments for principal, interest, and other debt service costs.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 14—Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2019-20 fiscal year:

<u>Source</u>	<u>Amount</u>
Categorical Educational Program - Class Size Reduction	\$ 55,177,070
Florida Education Finance Program	24,762,437
Workforce Development Program	9,916,885
School Recognition	2,197,580
Motor Vehicle License Tax (Capital Outlay and Debt Service)	2,035,110
Charter School Capital Outlay Funding	1,478,756
Voluntary Prekindergarten Program	1,435,859
FL Job Growth Workforce Training Grant	1,395,107
Educational Facilities Security Grant	847,596
Sales Tax Distribution	446,500
Food Service Supplement	269,462
Workforce Performance Based Initiative	131,000
State License Tax	113,022
State Through Local	64,970
Discretionary Lottery Funds	51,872
Miscellaneous	355,690
Total	\$ 100,678,916

Accounting policies relating to certain State revenue sources are described in *Note 1, Summary of Significant Accounting Policies*.

Note 15—Property Taxes

The following is a summary of millages and taxes levied on the 2019 tax roll for the 2019-20 fiscal year:

<u>General Fund</u>	<u>Millages</u>	<u>Taxes Levied</u>
Nonvoted School Tax:		
Required Local Effort	2.835	\$ 277,702,569
Basic Discretionary Local Effort	0.748	73,270,378
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	146,932,576
Total	5.083	\$ 497,905,523

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Note 16—Internal Service Funds

The following is a summary of financial information as reported in the Internal Service Funds for the 2019-20 fiscal year:

	<u>Total</u>	<u>Group Health Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Employee Benefit Plan</u>
Total Assets	\$ 46,630,065	\$ 32,781,543	\$ 13,268,945	\$ 579,577
Liabilities and Net Position:				
Accrued Salaries and Benefits	\$ 15,539	\$ 13,339	\$ 2,200	\$ -
Payroll Deductions and Withholdings Payable	6,924	6,026	898	-
Accounts Payable	533,416	519,814	7,241	6,361
Due to Other Agencies	8,175	7,110	1,065	-
Estimated Liability for Self-Insurance Program	6,114,000	4,035,000	2,079,000	-
Unrestricted Net Position	39,952,011	28,200,254	11,178,541	573,216
Total Liabilities and Net Position	\$ 46,630,065	\$ 32,781,543	\$ 13,268,945	\$ 579,577
Revenues:				
Premium Contributions	\$ 58,887,342	\$ 55,822,406	\$ 1,601,789	\$ 1,463,147
Investment Income	542,995	345,505	192,959	4,531
Total Revenues	59,430,337	56,167,911	1,794,748	1,467,678
Total Expenses	(52,348,928)	(49,880,242)	(1,205,123)	(1,263,563)
Change in Net Position	\$ 7,081,409	\$ 6,287,669	\$ 589,625	\$ 204,115

Note 17—Summary Disclosure of Significant Contingencies

Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District’s legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
OTHER REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	General Fund			Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 490,000	\$ 535,690	\$ 535,690	\$ -
Federal Through State and Local	1,400,000	1,420,594	1,420,594	-
State	98,985,567	94,558,461	94,518,487	(39,974)
Local:				
Property Taxes	336,782,958	338,638,312	338,638,312	-
Miscellaneous	10,979,761	10,750,537	10,750,537	-
Total Local Revenues	347,762,719	349,388,849	349,388,849	-
Total Revenues	448,638,286	445,903,594	445,863,620	(39,974)
Expenditures				
Current - Education:				
Instruction	323,434,501	344,712,416	328,008,639	16,703,777
Student Support Services	20,426,482	20,063,347	19,931,412	131,935
Instructional Media Services	6,129,742	6,433,405	6,247,943	185,462
Instruction and Curriculum Development Services	8,361,881	8,532,550	8,492,548	40,002
Instructional Staff Training Services	5,742,641	5,375,865	5,333,722	42,143
Instruction-Related Technology	1,917,545	1,600,836	1,600,836	-
Board	1,805,224	1,604,253	1,430,053	174,200
General Administration	1,533,330	1,796,470	1,771,466	25,004
School Administration	32,392,404	32,975,632	32,831,555	144,077
Facilities Acquisition and Construction	1,717,606	1,827,656	1,727,758	99,898
Fiscal Services	3,447,567	3,319,380	3,253,985	65,395
Central Services	9,229,112	10,860,137	10,669,717	190,420
Student Transportation Services	23,440,711	23,140,715	22,988,747	151,968
Operation of Plant	38,013,091	36,612,934	35,701,637	911,297
Maintenance of Plant	18,540,715	16,778,073	16,622,574	155,499
Administrative Technology Services	5,285,130	4,746,003	4,623,291	122,712
Capital Outlay:				
Facilities Acquisition and Construction	-	24,000	24,000	-
Other Capital Outlay	-	5,897,919	5,897,919	-
Total Expenditures	501,417,682	526,301,591	507,157,802	19,143,789
Excess (Deficiency) of Revenues Over Expenditures	(52,779,396)	(80,397,997)	(61,294,182)	19,103,815
Other Financing Sources				
Sale of Capital Assets	6,000	8,450	8,450	-
Loss Recoveries	-	523,354	523,354	-
Transfers In	42,319,568	54,824,502	54,724,604	(99,898)
Total Other Financing Sources	42,325,568	55,356,306	55,256,408	(99,898)
Net Change in Fund Balances	(10,453,828)	(25,041,691)	(6,037,774)	19,003,917
Fund Balances, Beginning	94,232,085	94,232,085	94,232,085	-
Fund Balances, Ending	\$ 83,778,257	\$ 69,190,394	\$ 88,194,311	\$ 19,003,917

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
OTHER REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

Budgetary Comparison Schedule
Special Revenue – Other Federal Programs
For the Fiscal Year Ended June 30, 2020

	Special Revenue - Other Federal Programs			Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 4,659,669	\$ 5,642,491	\$ 5,413,577	\$ (228,914)
Federal Through State and Local	35,668,816	46,455,683	32,740,302	(13,715,381)
State	2,973,408	3,082,385	1,542,887	(1,539,498)
Local:				
Miscellaneous	1,009,604	1,444,090	1,145,057	(299,033)
Total Local Revenues	<u>1,009,604</u>	<u>1,444,090</u>	<u>1,145,057</u>	<u>(299,033)</u>
Total Revenues	<u>44,311,497</u>	<u>56,624,649</u>	<u>40,841,823</u>	<u>(15,782,826)</u>
Expenditures				
Current - Education:				
Instruction	23,828,282	34,957,894	21,977,233	12,980,661
Student Support Services	2,886,349	3,078,639	2,704,051	374,588
Instructional Media Services	4,039	32,514	20,301	12,213
Instruction and Curriculum Development Services	6,942,085	7,742,474	6,967,845	774,629
Instructional Staff Training Services	7,230,679	6,409,666	5,644,594	765,072
Instruction - Related Technology	115,234	104,070	94,851	9,219
Board	-	-	-	-
General Administration	1,422,370	1,424,869	1,246,831	178,038
School Administration	192,081	283,317	140,949	142,368
Facilities Acquisition and Construction	1,000,000	700,000	599,482	100,518
Fiscal Services	-	-	-	-
Central Services	282,307	318,617	199,961	118,656
Student Transportation Services	143,271	335,274	129,237	206,037
Operation of Plant	171,075	177,223	56,396	120,827
Maintenance of Plant	93,725	180,050	180,050	-
Administrative Technology Services	-	-	-	-
Capital Outlay:				
Facilities Acquisition and Construction	-	381,254	381,254	-
Other Capital Outlay	-	498,788	498,788	-
Total Expenditures	<u>44,311,497</u>	<u>56,624,649</u>	<u>40,841,823</u>	<u>15,782,826</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
OTHER REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

**Schedule of Changes in the District's
Total Other Postemployment Benefit Plans (OPEB)
Liability and Related Ratios
Last 10 Fiscal Years (1) (2)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 242,520	\$ 205,854	\$ 193,755
Interest	106,581	127,628	128,817
Differences Between Expected and Actual Experience	145,223	158,099	(117,344)
Changes of Assumptions or Other Inputs	273,686	317,621	-
Benefit Payments	<u>(264,669)</u>	<u>(262,517)</u>	<u>(247,657)</u>
Net Change in Total OPEB Liability	503,341	546,685	(42,429)
Total OPEB Liability - Beginning	<u>4,523,765</u>	<u>3,977,080</u>	<u>4,019,509</u>
Total OPEB Liability - Ending	<u>\$ 5,027,106</u>	<u>\$ 4,523,765</u>	<u>\$ 3,977,080</u>
Covered-Employee Payroll	\$ 279,084,875	\$ 248,030,068	\$ 241,183,041
Total OPEB Liability as a Percentage of Covered-Employee Payroll	1.80%	1.82%	1.65%

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Information is presented for the years when data is available until ten years of information can be provided.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
OTHER REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

**Schedule of the District's Proportionate Share
of the Net Pension Liability –
Florida Retirement System Pension Plan
Last 10 Fiscal Years (1) (2)**

Fiscal Year Ending June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of District's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.608615952%	\$ 104,769,893	\$ 236,841,725	44.24%	88.54%
2014	0.632654076%	38,601,202	260,243,604	14.83%	96.09%
2015	0.629605084%	81,321,941	264,464,333	30.75%	92.00%
2016	0.582544320%	147,092,898	266,701,427	55.15%	84.88%
2017	0.577072224%	170,694,092	272,584,491	62.62%	83.89%
2018	0.584801490%	176,145,240	284,214,915	61.98%	84.26%
2019	0.577910049%	199,024,175	291,226,683	68.34%	82.61%

**Schedule of District Contributions –
Florida Retirement System Pension Plan
Last 10 Fiscal Years (1) (2)**

Fiscal Year Ending June 30	Contractually Required Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contribution as a % of Covered Payroll
2014	\$ 13,857,809	\$ 13,857,809	\$ -	\$ 260,243,604	5.32%
2015	15,350,307	15,350,307	-	264,464,333	5.80%
2016	14,206,272	14,206,272	-	266,701,427	5.33%
2017	15,022,611	15,022,611	-	272,584,491	5.51%
2018	16,670,000	16,670,000	-	284,214,915	5.87%
2019	17,919,382	17,919,382	-	291,226,683	6.15%
2020	17,249,000	17,249,000	-	305,079,101	5.65%

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Information is presented for the years when data is available until ten years of information can be provided.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
OTHER REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

**Schedule of the District's Proportionate Share
of the Net Pension Liability –
Health Insurance Subsidy Pension Plan
Last 10 Fiscal Years (1) (2)**

Fiscal Year Ending June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of District's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2013	0.863233755%	\$ 75,155,848	\$ 236,841,725	31.73%	1.78%
2014	0.874825796%	81,798,347	260,243,604	31.43%	0.99%
2015	0.871462424%	88,875,459	264,464,333	33.61%	0.50%
2016	0.863915180%	100,685,735	266,701,427	37.75%	0.97%
2017	0.855030475%	91,423,803	272,584,491	33.54%	1.64%
2018	0.869865375%	92,067,528	284,214,915	32.39%	2.15%
2019	0.870693308%	97,421,868	291,226,683	33.45%	2.63%

**Schedule of District Contributions –
Health Insurance Subsidy Pension Plan
Last 10 Fiscal Years (1) (2)**

Fiscal Year Ending June 30	Contractually Required Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contribution as a % of Covered Payroll
2014	\$ 2,996,859	\$ 2,996,859	\$ -	\$ 260,243,604	1.15%
2015	3,331,272	3,331,272	-	264,464,333	1.26%
2016	4,428,116	4,428,116	-	266,701,427	1.66%
2017	4,525,068	4,525,068	-	272,584,491	1.66%
2018	4,714,936	4,714,936	-	284,214,915	1.66%
2019	4,834,875	4,834,875	-	291,226,683	1.66%
2020	5,063,803	5,063,803	-	305,079,101	1.66%

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Information is presented for the years when data is available until ten years of information can be provided.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

1. Budgetary Basis of Accounting

The Board follows procedures established by State law and State Board of Education (SBE) rules in establishing budget balances for governmental funds, as described below:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by State law and SBE rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, student transportation services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year end and encumbrances outstanding are honored from the subsequent year's appropriations.

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

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

Changes of Assumptions: The discount rate was changed from 2.3 percent as of June 30, 2019, to 1.65 percent as of June 30, 2020.

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

Changes of Assumptions:

- The long-term expected rate of return was decreased from 7.0 percent to 6.9 percent, and the active member mortality assumption was updated.
- The mortality assumption has been updated from Generational RP-2000 with Projection Scale BB to PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2018.

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

Changes of Assumptions: The municipal bond rate used to determine total pension liability was decreased from 3.87 percent to 3.5 percent.

OTHER SUPPLEMENTARY INFORMATION

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

**COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2020

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 15,345,653	\$ 3,397,786	\$ 2,150,269	\$ 20,893,708
Investments	-	3,971,210	-	3,971,210
Accounts receivable, net	408	-	-	408
Due from other agencies	847,610	-	3,810	851,420
Inventory	1,353,039	-	-	1,353,039
Total Assets	\$ 17,546,710	\$ 7,368,996	\$ 2,154,079	\$ 27,069,785
LIABILITIES AND FUND BALANCES				
Liabilities:				
Salaries, benefits and payroll taxes payable	\$ 163,775	\$ -	\$ -	\$ 163,775
Payroll deductions and withholdings	59,926	-	-	59,926
Accounts payable	45,772	-	-	45,772
Construction contracts payable	-	-	406,928	406,928
Construction contracts payable - retained percentage	64,190	-	152,364	216,554
Due to other agencies	88,787	-	-	88,787
Unearned revenue	315,746	-	-	315,746
Total Liabilities	738,196	-	559,292	1,297,488
Fund Balances:				
Nonspendable:				
Inventory	1,353,039	-	-	1,353,039
Restricted for:				
Other Purposes	6,524,402	-	-	6,524,402
Capital projects	-	-	1,594,787	1,594,787
Food service	8,931,073	-	-	8,931,073
Debt service	-	7,368,996	-	7,368,996
Total Fund Balances	16,808,514	7,368,996	1,594,787	25,772,297
Total Liabilities and Fund Balances	\$ 17,546,710	\$ 7,368,996	\$ 2,154,079	\$ 27,069,785

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Federal through state and local	\$ 18,809,522	\$ -	\$ -	\$ 18,809,522
State sources	269,462	36,354	1,969,100	2,274,916
Local sources	9,116,376	220,005	3,896	9,340,277
Total Revenues	<u>28,195,360</u>	<u>256,359</u>	<u>1,972,996</u>	<u>30,424,715</u>
Expenditures:				
Current:				
Instruction	5,038,091	-	-	5,038,091
Student support services	362	-	-	362
Instructional media services	118,915	-	-	118,915
School administration	919,965	-	-	919,965
Facilities acquisition and construction	-	-	664,366	664,366
Food services	24,295,852	-	-	24,295,852
Student transportation services	2,105	-	-	2,105
Maintenance of plant	24	-	-	24
Capital outlay:				
Other capital outlay	258,607	-	-	258,607
Debt service:				
Principal	-	26,231,000	-	26,231,000
Interest	-	8,114,752	2,044	8,116,796
Total Expenditures	<u>30,633,921</u>	<u>34,345,752</u>	<u>666,410</u>	<u>65,646,083</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,438,561)</u>	<u>(34,089,393)</u>	<u>1,306,586</u>	<u>(35,221,368)</u>
Other Financing Sources:				
Proceeds from the sale of capital assets	5,755	-	-	5,755
Transfers in	-	33,564,935	-	33,564,935
Total Other Financing Sources	<u>5,755</u>	<u>33,564,935</u>	<u>-</u>	<u>33,570,690</u>
Net change in fund balances	(2,432,806)	(524,458)	1,306,586	(1,650,678)
Fund balance - beginning	12,819,130	7,893,454	288,201	21,000,785
Adjustments to fund balances	6,422,190	-	-	6,422,190
Fund balance - ending	<u>\$ 16,808,514</u>	<u>\$ 7,368,996</u>	<u>\$ 1,594,787</u>	<u>\$ 25,772,297</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA

**COMBINING BALANCE SHEET –
NONMAJOR SPECIAL REVENUE FUNDS**

JUNE 30, 2020

	Food Service	Miscellaneous Special Revenue	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and cash equivalents	\$ 8,821,251	\$ 6,524,402	\$ 15,345,653
Accounts receivable, net	408	-	408
Due from other agencies	847,610	-	847,610
Inventory	1,353,039	-	1,353,039
Total Assets	\$ 11,022,308	\$ 6,524,402	\$ 17,546,710
LIABILITIES AND FUND BALANCES			
Liabilities:			
Salaries, benefits and payroll taxes payable	\$ 163,775	\$ -	\$ 163,775
Payroll deductions and withholdings	59,926	-	59,926
Accounts payable	45,772	-	45,772
Construction contracts payable - retained percentage	64,190	-	64,190
Due to other agencies	88,787	-	88,787
Unearned revenue	315,746	-	315,746
Total Liabilities	738,196	-	738,196
Fund Balances:			
Nonspendable:			
Inventory	1,353,039	-	1,353,039
Restricted for:			
Other Purposes	-	6,524,402	6,524,402
Food service	8,931,073	-	8,931,073
Total Fund Balances	10,284,112	6,524,402	16,808,514
Total Liabilities and Fund Balances	\$ 11,022,308	\$ 6,524,402	\$ 17,546,710

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –
NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2020

	<u>Food Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:			
Federal through state and local	\$ 18,809,522	\$ -	\$ 18,809,522
State sources	269,462	-	269,462
Local sources	2,906,387	6,209,989	9,116,376
Total Revenues	<u>21,985,371</u>	<u>6,209,989</u>	<u>28,195,360</u>
Expenditures:			
Current:			
Instruction	-	5,038,091	5,038,091
Student support services	-	362	362
Instructional media services	-	118,915	118,915
School administration	-	919,965	919,965
Food services	24,295,852	-	24,295,852
Student transportation services	-	2,105	2,105
Maintenance of plant	-	24	24
Capital outlay:			
Other capital outlay	230,292	28,315	258,607
Total Expenditures	<u>24,526,144</u>	<u>6,107,777</u>	<u>30,633,921</u>
Excess of revenues over expenditures	<u>(2,540,773)</u>	<u>102,212</u>	<u>(2,438,561)</u>
Other Financing Sources:			
Proceeds from the sale of capital assets	5,755	-	5,755
Net change in fund balances	(2,535,018)	102,212	(2,432,806)
Fund balance - beginning	12,819,130	-	12,819,130
Adjustments to fund balances	-	6,422,190	6,422,190
Fund balance - ending	<u>\$ 10,284,112</u>	<u>\$ 6,524,402</u>	<u>\$ 16,808,514</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
COMBINING BALANCE SHEET –
NONMAJOR DEBT SERVICE FUNDS

JUNE 30, 2020

	<u>State Board of Education</u>	<u>Other Debt Service</u>	<u>Total Nonmajor Debt Service Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 3,397,786	\$ 3,397,786
Investments	-	3,971,210	3,971,210
Total Assets	<u>\$ -</u>	<u>\$ 7,368,996</u>	<u>\$ 7,368,996</u>
FUND BALANCES			
Restricted for:			
Debt service	\$ -	\$ 7,368,996	\$ 7,368,996
Total Fund Balances	<u>\$ -</u>	<u>\$ 7,368,996</u>	<u>\$ 7,368,996</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –
NONMAJOR DEBT SERVICE FUNDS

YEAR ENDED JUNE 30, 2020

	<u>State Board of Education</u>	<u>Other Debt Service</u>	<u>Total Nonmajor Debt Service Funds</u>
Revenues:			
State sources	\$ 36,354	\$ -	\$ 36,354
Local sources	-	220,005	220,005
Total Revenues	<u>36,354</u>	<u>220,005</u>	<u>256,359</u>
Expenditures:			
Debt service:			
Principal	36,000	26,195,000	26,231,000
Interest	<u>794</u>	<u>8,113,958</u>	<u>8,114,752</u>
Total Expenditures	<u>36,794</u>	<u>34,308,958</u>	<u>34,345,752</u>
Deficiency of revenues under expenditures	<u>(440)</u>	<u>(34,088,953)</u>	<u>(34,089,393)</u>
Other Financing Sources			
Transfers in	-	33,564,935	33,564,935
Total other financing sources	<u>-</u>	<u>33,564,935</u>	<u>33,564,935</u>
Net change in fund balances	(440)	(524,018)	(524,458)
Fund balance - beginning	<u>440</u>	<u>7,893,014</u>	<u>7,893,454</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 7,368,996</u>	<u>\$ 7,368,996</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
COMBINING BALANCE SHEET –
NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2020

	Capital Outlay and Debt Service (CO & DS)	Total Nonmajor Capital Projects Funds
ASSETS		
Cash and cash equivalents	\$ 2,150,269	\$ 2,150,269
Due from other agencies	3,810	3,810
Total Assets	\$ 2,154,079	\$ 2,154,079
LIABILITIES AND FUND BALANCES		
Liabilities:		
Construction contracts payable	\$ 406,928	\$ 406,928
Construction contracts payable - retained percentage	152,364	152,364
Total Liabilities	559,292	559,292
Fund Balances:		
Restricted for:		
Capital projects	1,594,787	1,594,787
Total Fund Balances	1,594,787	1,594,787
Total Liabilities and Fund Balances	\$ 2,154,079	\$ 2,154,079

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –
NONMAJOR CAPITAL PROJECTS FUNDS

YEAR ENDED JUNE 30, 2020

	Capital Outlay and Debt Service (CO & DS)	Total Nonmajor Capital Projects Funds
Revenues:		
State sources	\$ 1,969,100	\$ 1,969,100
Local sources	3,896	3,896
Total Revenues	<u>1,972,996</u>	<u>1,972,996</u>
Expenditures:		
Current:		
Facilities acquisition and construction	664,366	664,366
Interest	<u>2,044</u>	<u>2,044</u>
Total Expenditures	<u>666,410</u>	<u>666,410</u>
Excess of revenues over expenditures	<u>1,306,586</u>	<u>1,306,586</u>
Net change in fund balances	1,306,586	1,306,586
Fund balance - beginning	<u>288,201</u>	<u>288,201</u>
Fund balance - ending	<u><u>\$ 1,594,787</u></u>	<u><u>\$ 1,594,787</u></u>

COMPLIANCE AND SINGLE AUDIT

**Report of Independent Auditor on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Members of the School Board
District School Board of Collier County, Florida
Naples, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Collier County, Florida (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2020. Our report includes reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District'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 District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 the 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
December 14, 2020

**Report of Independent Auditor on Compliance for
Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance**

The Honorable Members of the School Board
District School Board of Collier County, Florida
Naples, Florida

Report on Compliance for Each Major Federal Program

We have audited the District School Board of Collier County, Florida's (the "District") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
December 14, 2020

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Number	Amount of Expenditures	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553		\$ 2,870,596	\$ -
National School Lunch Program	10.555		10,018,103	-
Summer Food Service Program for Children	10.559		4,298,103	-
Total Child Nutrition Cluster			<u>17,186,802</u>	<u>-</u>
Team Nutrition Go for the Challenge Healthy Schools	10.574		36,500	-
Farm to School Grant Program	10.575	25422 / H1022	37,500	-
Fresh Fruit and Vegetable Program	10.582		291,981	-
Florida Department of Health:				
Child & Adult Care Food Program	10.558	4750	1,119,879	-
Total United States Department of Agriculture			<u>18,672,662</u>	<u>-</u>
United States Department of Labor:				
Indirect:				
Florida Department of Education:				
National Farmworker Jobs Program	17.264	405	386,898	-
Total United States Department of Labor			<u>386,898</u>	<u>-</u>
United States Department of Education:				
Direct:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	10,159	-
Federal Pell Grant Program	84.063	N/A	1,615,907	-
Total Student Financial Assistance Cluster			<u>1,626,066</u>	<u>-</u>
Federal Cares Act: Student Aid Portion	84.425E	N/A	336,159	-
Federal Cares Act: Higher Ed Emergency Relief Grants	84.425F	N/A	308,041	-
Total Direct			<u>2,270,266</u>	<u>-</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Number	Amount of Expenditures	Amount Provided to Subrecipients
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	263, 262	\$ 10,249,539	\$ -
Special Education - Preschool Grants	84.173	267	293,952	-
University of South Florida:				
Special Education-Grants to States (SEDNET)	84.027	262	6,137	-
Total Special Education Cluster			<u>10,549,628</u>	<u>-</u>
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	888,471	-
Title I Part A Grants to Local Educational Agencies	84.010	212, 226	11,079,360	-
Title I Part D Local Educational Agency Delinquent Program	84.013	223	67,496	-
Title I Part C Migrant Education - State Grant Program	84.011	217	4,316,716	-
Vocational Education - Basic Grants to States	84.048	161	516,725	-
Education for Homeless Children and Youth	84.196	127	82,761	-
Charter Schools	84.282	298	260,152	260,152
English Language Acquisition State Grants	84.365	102	982,708	-
Supporting Effective Instruction State Grant	84.367	224	1,655,002	-
Title I Part A School Improvement Grants	84.377	126	614,324	-
Student Support and Academic Enrichment Program	84.424	241	789,177	-
Hurricane Education Recovery (Restart)	84.938	105	550,884	-
Total Indirect			<u>21,803,776</u>	<u>260,152</u>
Total United States Department of Education			<u>34,623,670</u>	<u>260,152</u>
United States Department of Health and Human Services:				
Direct:				
Head Start	93.600	04CH011014-01	3,143,312	-
Total United States Department of Health and Human Services			<u>3,143,312</u>	<u>-</u>
United States Department of Homeland Security:				
Indirect:				
Florida Department of Community Affairs:				
Disaster Grants - Public Assistance	97.036	PA-00-09-21- 14-095	432,407	-
Total United States Department of Homeland Security			<u>432,407</u>	<u>-</u>
United States Department of Defense:				
Direct:				
Army Junior Reserve Officers Training Corps	12.U01	N/A	535,690	-
Total United States Department of Defense			<u>535,690</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 57,794,639</u>	<u>\$ 260,152</u>

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

Note 1—Summary of significant accounting policies

Basis of Presentation – The Schedule of Expenditures of Federal Awards (the "Schedule") represents amounts expended from Federal Programs, during the 2019-20 fiscal year, as determined based on the modified accrual basis of accounting. Amounts are reported for disaster grants as qualified expenditures are identified and were incurred in a prior year. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Note 2—Program clusters

The Uniform Guidance defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are tested accordingly.

Note 3—Contingency

The grant revenue amounts received are subject to audit and adjustment. If expenditures were disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the District. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable Federal and State laws and regulations.

Note 4—Catalog of Federal Domestic Assistance ("CFDA") Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2020 Catalog of Federal Domestic Assistance.

Note 5—Noncash assistance

National School Lunch Program - The amount reported for Food Donation represents the donated food used during the year ended June 30, 2020. Commodities are valued at fair market value as determined at the time of donation.

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes x none reported

Type of auditor's report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) yes x no

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2020

Part I - Summary of Auditor's Results (continued)

Federal Awards Section (continued)

Identification of major programs:

Name of Program or Cluster	CFDA Number
Special Education Cluster	84.027 / 84.173
Title I Grants to Local Educational Agencies	84.010
Head Start	93.600

Dollar threshold used to determine Type A and Type B programs:

Federal \$ 1,733,839

Auditee qualified as low-risk auditee for federal purposes? yes x no

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Part III - Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported by 2 CFR 200.516(a).

DISTRICT SCHOOL BOARD OF COLLIER COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2020

Prior Year Audit Findings - Federal Awards

Audit Report Date: June 30, 2019

Federal Awards Finding Number: 2019-001

Program/Area: U.S. Department of Education - CFDA #84.938C - Hurricane Education Recovery (Emergency Impact Aid) passed through the Florida Department of Education (FDOE) - Eligibility

Brief Description: Eligible displaced student enrollment was significantly overstated on quarterly service reporting dates, resulting in \$2,562,132 of questioned costs. A significant number of children and youth who did not meet the federal program definition of displaced students were reported as being displaced students, due to the District inadvertently misinterpreting the definition.

Status: Corrected

Comments: The District took all necessary corrective action and refunded \$2,562,132 to the FDOE. The District had no CFDA #84.938C program costs or funds received during the current year. This grant was a one-time natural disaster abatement program. No additional program funds are projected or anticipated in upcoming years.

OTHER INFORMATION

Independent Auditor's Management Letter

Honorable Chairman and Members of the School Board
District School Board of Collier County, Florida
Naples, Florida

Report of the Financial Statements

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Collier County, Florida (the "District") as of and for the year ended June 30, 2020, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2020. We did not audit the financial statements of the discretely presented component units nor the school internal funds; those financial statements were audited by other auditors.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.800, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Report of Independent Accountant on Compliance with Local Government Investment Policies. Disclosures in the schedule and those reports, which are dated December 14, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.804(1)(f)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. One finding was made in the preceding annual financial audit report, which is described in the Prior Year Audit Findings – Federal Awards section. Corrective action on this finding was completed.

Financial Condition

Section 10.804(1)(f)2., Rules of the Auditor General, requires us to communicate whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, the results of our tests did not indicate the District met any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.804(1)(f)5.a. and 10.805(7), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.804(1)(f)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Section 10.804(1)(f)6., Rules of the Auditor General, requires that we communicate the results of our determination as to whether the District maintains on its website the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined that the District maintained on its website the information specified in Section 1011.035, Florida Statutes.

Additional Matters

Section 10.804(1)(f)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we had no such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, District School Board members, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cheryl Behrman" followed by a stylized monogram or initials.

Orlando, Florida
December 14, 2020

**Report of Independent Accountant on Compliance
with Local Government Investment Policies**

Honorable Chairman and Members of the School Board
District School Board of Collier County, Florida
Naples, Florida

We have examined the District School Board of Collier County, Florida's (the "District's") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2020. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with the specified requirements.

In our opinion, the District complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended June 30, 2020.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.



Orlando, Florida
December 14, 2020