

Report No. 2022-109  
January 2022

**STATE OF FLORIDA AUDITOR GENERAL**

**Financial and Federal Single Audit**

**COLLIER COUNTY  
DISTRICT SCHOOL BOARD**

For the Fiscal Year Ended  
June 30, 2021



Sherrill F. Norman, CPA  
Auditor General

## Board Members and Superintendent

During the 2020-21 fiscal year, Dr. Kamela Patton served as Superintendent of the Collier County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Dr. Jory Westberry	1
Stephanie Lucarelli, Chair through 11-16-20	2
Jen Mitchell, Vice Chair from 11-17-20	3
Erick Carter, Chair from 11-17-20, Vice Chair through 11-16-20	4
Roy M. Terry	5

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

The team leader was Cesar A. Mayorga, and the audit was supervised by Ramon L. Bover, CPA.

Please address inquiries regarding this report to Edward A. Waller, CPA, Audit Manager, by e-mail at [tedwaller@aud.state.fl.us](mailto:tedwaller@aud.state.fl.us) or by telephone at (850) 412-2887.

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# SUMMARY

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## SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of the Collier County District School Board (District) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

## SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

## SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Child Nutrition Cluster, Migrant Education program, and Education Stabilization Fund were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

## AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to determine whether the School Board and its officers with administrative and stewardship responsibilities for District operations:

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

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards, as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

## AUDIT METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.



Sherrill F. Norman, CPA  
Auditor General

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the 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 Collier County District School Board, as of and for the fiscal year ended June 30, 2021, 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, 0 percent, 10 percent, 8 percent, and 6 percent, respectively, of the assets, liabilities, fund balance, revenues, and expenditures of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. The financial statements of the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government*

*Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Collier County District School Board, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary 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 accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is the responsibility of management and was derived from and relates 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 accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is 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 January 27, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
January 27, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the Collier County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2021. 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 financial statements found immediately following the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2020-21 fiscal year are as follows:

- As of June 30, 2021, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$815.1 million.
- In total, net position decreased \$1 million, which represents a 0.1 percent decrease from the 2019-20 fiscal year.
- General revenues total \$683.7 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 \$27.5 million, or 3.9 percent of all revenues.
- On the government-wide financial statements, expenses total \$712.2 million. Only \$27.5 million of these expenses were offset by program revenues.
- During the current fiscal year, General Fund expenditures exceeded revenues and transfers in by \$10.5 million. This may be compared to last fiscal year's results, in which General Fund expenditures exceeded revenues and transfers in by \$6.6 million.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$77.7 million, which is \$10.5 million less than the prior fiscal year balance. The General Fund assigned and unassigned fund balances total \$69 million, or 15.1 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 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, 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.

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 entitywide 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 Fund, Special Revenue – Other Fund, Special Revenue – Federal Education Stabilization Fund, Capital Projects – Local Capital Improvement Fund, and Capital Projects – Other Fund. 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 and major Special Revenue Funds to demonstrate compliance with the budget.

**Proprietary Fund:** 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. As 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.

**Notes to 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 total other postemployment benefits and net pension liabilities.

<b>GOVERNMENT-WIDE FINANCIAL ANALYSIS</b>
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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, 2021, compared to net position as of June 30, 2020:

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

	<b>Governmental Activities</b>	
	<b>6-30-21</b>	<b>6-30-20</b>
Current and Other Assets	\$ 444.0	\$ 425.0
Capital Assets	889.8	910.8
<b>Total Assets</b>	<b>1,333.8</b>	<b>1,335.8</b>
<b>Deferred Outflows of Resources</b>	<b>124.4</b>	<b>106.7</b>
Long-Term Liabilities	587.9	550.7
Other Liabilities	39.5	50.2
<b>Total Liabilities</b>	<b>627.4</b>	<b>600.9</b>
<b>Deferred Inflows of Resources</b>	<b>15.7</b>	<b>25.5</b>
Net Position:		
Net Investment in Capital Assets	712.7	704.5
Restricted	288.4	241.8
Unrestricted (Deficit)	(186.0)	(130.2)
<b>Total Net Position</b>	<b>\$ 815.1</b>	<b>\$ 816.1</b>

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 was the result, in part, of accruing \$42.5 million in compensated absences payable, \$5 million in total other postemployment benefit liability, and \$359.4 million in net pension liability.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2021, and June 30, 2020, are as follows:

**Operating Results for the Fiscal Year Ended  
(in millions of dollars)**

	<b>Governmental Activities</b>	
	<b>6-30-21</b>	<b>6-30-20</b>
Program Revenues:		
Charges for Services	\$ 3.6	\$ 5.6
Operating Grants and Contributions	22.0	19.1
Capital Grants and Contributions	1.9	2.0
General Revenues:		
Property Taxes	501.8	480.4
Grants and Contributions Not Restricted to Specific Programs	169.7	164.0
Unrestricted Investment Earnings	1.1	5.9
Miscellaneous	11.1	14.0
<b>Total Revenues</b>	<b>711.2</b>	<b>691.0</b>
Functions/Program Expenses:		
Instruction	392.8	394.1
Student Support Services	26.7	24.3
Instructional Media Services	6.9	6.8
Instruction and Curriculum Development Services	17.4	17.0
Instructional Staff Training Services	11.6	11.8
Instruction-Related Technology	2.3	1.8
Board	1.5	1.7
General Administration	3.6	3.3
School Administration	39.3	36.6
Facilities Acquisition and Construction	78.9	74.0
Fiscal Services	3.8	3.6
Food Services	24.1	25.8
Central Services	11.1	11.9
Student Transportation Services	25.6	24.9
Operation of Plant	36.3	35.9
Maintenance of Plant	18.4	17.8
Administrative Technology Services	5.1	4.9
Unallocated Interest on Long-Term Debt	6.8	8.4
<b>Total Functions/Program Expenses</b>	<b>712.2</b>	<b>704.6</b>
<b>Change in Net Position</b>	<b>(1.0)</b>	<b>(13.6)</b>
Net Position - Beginning	816.1	823.3
Adjustment to Beginning Net Position	-	6.4
Net Position - Beginning	816.1	829.7
<b>Net Position - Ending</b>	<b>\$ 815.1</b>	<b>\$ 816.1</b>

The largest revenue source is the local property tax (70.6 percent), as discussed below. Revenues from State sources (13.9 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.

Operating grants and contributions revenue increased by \$2.9 million, or 15.2 percent. These revenues are primarily received from the State and are for the food service program. The increase is the direct result of increased revenues and reimbursements associated with the District's School Nutritional Services Program due to the Families First Coronavirus Response Act.

Property tax revenues increased by \$21.4 million, or 4.5 percent, as a result of increased taxable values and collections, although there was a slight decrease in the required local effort millage.

Instruction expenses represent 55.2 percent of total governmental expenses in the 2020-21 fiscal year. Instruction expenses decreased by \$1.3 million, or 0.3 percent, from the previous fiscal year due mainly from a \$10.9 million decrease in classroom technology, offset by increases of \$4.7 million in salary and benefit related costs, \$2.0 million in contractual charter school expenditures, \$1.4 million in purchased services expenditures, and \$1.5 million in other instructional related costs.

Student Support Services expenses increased \$2.4 million, or 9.9 percent, over the 2019-20 fiscal year. This increase is mainly attributed to the increase in salary and benefits related costs, school nursing expenses, and other COVID-19 related supplies.

School Administration expenses increased \$2.7 million, or 7.4 percent, over the previous fiscal year, primarily due to increased salary and benefit costs.

Facilities Acquisition and Construction expenses increased \$4.9 million, or 6.6 percent, primarily from the purchase of P25 radios and an increase in roof maintenance costs.

Food Services expenses decreased by \$1.7 million, or 6.6 percent, of which \$0.9 million is attributable to nutrition service renovation project expenses and \$0.8 million to food costs.

Unallocated Interest on Long-Term Debt shows a net decrease in the amount of \$1.6 million, or 19 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 \$25.8 million during the fiscal year to \$356 million at June 30, 2021. Approximately 8.4 percent of this amount is unassigned fund balance (\$29.9 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

(\$1.8 million), (2) restricted for particular purposes (\$281.3 million), or (3) assigned for particular purposes (\$43.0 million).

### **Major Governmental Funds**

The General Fund is the District's primary operating fund. At the end of the current fiscal year, unassigned fund balance is \$29.9 million, while the total fund balance is \$77.7 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 15.1 percent of the total General Fund revenues, while total assigned and unassigned fund balance represents 13.6 percent of total General Fund expenditures.

Total General Fund balance decreased by \$10.5 million during the fiscal year. Key factors impacting the change in fund balance are as follows:

- Decrease in Other Financing Sources , primarily due to a reduction in purchasing of classroom technology due to the acceleration of the one-to-one laptop project in the prior year.
- An increase in the local property tax rate and property values resulted in increased tax revenues of \$13.1 million.
- Total expenditures decreased by \$0.5 million, or 0.1 percent, due mainly to a decrease in classroom technology purchased.

The Special Revenue – Other Fund has total revenues and expenditures of \$39.1 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.

The Special Revenue – Federal Education Stabilization Fund has total revenues and expenditures of \$6.3 million each. This funding represents program revenues and expenditures targeted for specified grant purposes. These funds do not accumulate a fund balance because grants revenues are not recognized until expenditures are incurred. This funding is a result of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which established the Education Stabilization Fund (ESF).

The Capital Projects – Local Capital Improvement (LCI) Fund has a total fund balance of \$137.5 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 fund balance increased in the current fiscal year due to establishing reserves for future school construction to provide resources for use in future years.

The Capital Projects – Other Fund has a total fund balance of \$116.8 million. The fund balance increased in the current fiscal year due to impact fees being set aside for future school construction.

### **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 decreased by \$3.2 million during the 2020-21 fiscal year to \$36.8 million at June 30, 2021. This decrease occurred primarily because of increases in health claims.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2020-21 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$2.1 million, or 0.5 percent. At the same time, final budget appropriations are more than the original budgeted amounts by \$2.9 million. Budget revisions occurred primarily from changes in estimated State funding levels and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual revenues are in line with the final budgeted amounts while actual expenditures are \$16.3 million, or 3.1 percent, less than final budget amounts. This variance is due to the following restricted or required carry forwards: encumbrances (\$3 million), unspent categorical and restricted funds (\$1.3 million), and unspent carry forward funds on behalf of schools and departments (\$12 million). The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$16.2 million.

## CAPITAL ASSETS AND LONG-TERM DEBT

### **Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2021, is \$889.8 million (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; audio visual materials; and computer software. The total decrease in capital assets for the current fiscal year was 2.3 percent. At June 30, 2021, construction in progress includes renovations at 11 locations.

Additional information on the District's capital assets can be found in Note III.C. to the financial statements.

### **Debt Administration**

At June 30, 2021, the District had total long-term debt outstanding of \$173 million, composed of Certificates of Participation Payable. During the current fiscal year, retirement of debt was \$29.7 million.

Additional information on the District's long-term debt can be found in Notes III.H.1. and III.H.2. to the financial statements.

## OTHER MATTERS OF SIGNIFICANCE

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

- Educational funding during the 2020-21 fiscal year was held harmless from the reduction of full-time equivalent student membership due to COVID-19 per Emergency order 2020-EO-06. This order has expired and funding for the 2021-22 fiscal year is based on actual membership. This results in a reduction in funding. The State has appropriated a moderate increase but 63.0 percent of the funding increase is earmarked for restricted use such as teacher salary increase, student mental health, and teacher classroom supply initiatives.
- Property values in the 2021-22 fiscal year show an increase, and State forecasts indicate property values will continue to show growth in future years.

- One additional charter school will open during the 2021-22 fiscal year and more are expected to open in future years. The funding will be passed through to the charter schools.
- At the final budget hearing in September 2021, the District will propose a 2021-22 fiscal year budget that reflects deficit spending in the amount of \$16.5 million. Funding is 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.
- The District has not received notification of an award for the American Rescue Plan, which may assist with the cost of learning loss initiatives that the District is implementing.
- The District has not finalized negotiations with employee collective bargaining groups. The final settlement amounts will increase the projected deficit for the 2021-22 fiscal year. Additional funds will be removed from the reserve for future budgetary shortfalls to cover this increased deficit spending.

#### 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

## Collier County District School Board Statement of Net Position June 30, 2021

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Component</u>
	<u>Activities</u>	<u>Units</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 414,037,390	\$ 12,776,725
Accounts Receivable	1,088,379	581,190
Interest Receivable	-	49
Due from Other Agencies	23,006,977	98,647
Deposits Receivable	-	24,735
Prepaid Items	298,281	526,326
Inventories	1,476,750	-
Restricted Investments	4,117,077	2,637,701
Capital Assets:		
Nondepreciable Capital Assets	140,373,937	4,248,646
Depreciable Capital Assets, Net	749,378,975	47,562,877
<b>TOTAL ASSETS</b>	<u>1,333,777,766</u>	<u>68,456,896</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	119,335,349	1,333,114
OPEB	774,274	-
Net Carrying Amount of Debt Refunding	4,348,633	318,917
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>124,458,256</u>	<u>1,652,031</u>
<b>LIABILITIES</b>		
Accrued Salaries and Benefits	7,177,450	675,921
Payroll Deductions and Withholdings	1,962,049	-
Accounts Payable	6,613,961	1,410,997
Construction Contracts Payable	5,165,942	-
Construction Contracts Payable - Retained Percentage	3,259,717	-
Due to Other Agencies	4,023,080	-
Note Payable	-	500,000
Accrued Interest Payable	2,041,162	84,308
Unearned Revenue	9,262,120	-
Long-Term Liabilities:		
Portion Due Within 1 Year	61,822,657	849,055
Portion Due After 1 Year	526,102,508	41,689,903
<b>TOTAL LIABILITIES</b>	<u>627,430,646</u>	<u>45,210,184</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	9,720,938	159,973
OPEB	214,259	-
Unavailable Revenue	5,736,855	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>15,672,052</u>	<u>159,973</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	712,706,536	14,720,952
Restricted for:		
State Required Carryover Programs	825,744	-
Debt Service	4,835,523	619,541
Capital Projects	259,214,461	3,725,675
Food Service	10,421,787	-
Other Purposes	13,080,132	601,136
Unrestricted (Deficit)	(185,950,859)	5,071,466
<b>TOTAL NET POSITION</b>	<u>\$ 815,133,324</u>	<u>\$ 24,738,770</u>

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

**Collier County District School Board  
Statement of Activities  
For the Fiscal Year Ended June 30, 2021**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
Instruction	\$ 392,753,222	\$ 2,359,124	\$ -	\$ -
Student Support Services	26,672,493	-	-	-
Instructional Media Services	6,927,949	-	-	-
Instruction and Curriculum Development Services	17,370,959	-	-	-
Instructional Staff Training Services	11,588,477	-	-	-
Instruction-Related Technology	2,274,303	-	-	-
Board	1,535,695	-	-	-
General Administration	3,574,489	-	-	-
School Administration	39,274,096	-	-	-
Facilities Acquisition and Construction	78,939,809	-	-	1,922,469
Fiscal Services	3,832,151	-	-	-
Food Services	24,153,288	1,225,662	22,052,773	-
Central Services	11,061,145	-	-	-
Student Transportation Services	25,625,445	-	-	-
Operation of Plant	36,343,054	-	-	-
Maintenance of Plant	18,425,853	-	-	-
Administrative Technology Services	5,106,325	-	-	-
Unallocated Interest on Long-Term Debt	6,781,298	-	-	-
<b>Total Primary Government</b>	<b><u>\$ 712,240,051</u></b>	<b><u>\$ 3,584,786</u></b>	<b><u>\$ 22,052,773</u></b>	<b><u>\$ 1,922,469</u></b>
<b>Component Units</b>				
Charter Schools	<u>\$ 30,970,547</u>	<u>\$ 558,905</u>	<u>\$ 1,339,680</u>	<u>\$ 1,403,531</u>

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

**Total General Revenues**

**Change in Net Position**

Net Position - Beginning

Adjustment to Beginning Net Position

Net Position - Beginning, as Restated

**Net Position - Ending**

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

**Net (Expense) Revenue and Changes  
in Net Position**

<b>Primary Government</b>	
<b>Governmental Activities</b>	<b>Component Units</b>
\$ (390,394,098)	\$ -
(26,672,493)	-
(6,927,949)	-
(17,370,959)	-
(11,588,477)	-
(2,274,303)	-
(1,535,695)	-
(3,574,489)	-
(39,274,096)	-
(77,017,340)	-
(3,832,151)	-
(874,853)	-
(11,061,145)	-
(25,625,445)	-
(36,343,054)	-
(18,425,853)	-
(5,106,325)	-
(6,781,298)	-
<u>(684,680,023)</u>	<u>-</u>
-	<u>(27,668,431)</u>
351,747,446	-
150,062,073	-
169,707,106	32,654,067
1,131,052	24,934
11,063,848	1,950,376
<u>683,711,525</u>	<u>34,629,377</u>
(968,498)	6,960,946
816,101,822	17,704,704
-	73,120
<u>816,101,822</u>	<u>17,777,824</u>
<u>\$ 815,133,324</u>	<u>\$ 24,738,770</u>

**Collier County District School Board  
Balance Sheet – Governmental Funds  
June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 89,306,289	\$ 37,340	\$ -
Accounts Receivable	345,180	-	-
Due from Other Funds	2,164,389	-	-
Due from Other Agencies	6,470,241	6,461,534	5,762,377
Prepaid Items	298,281	-	-
Inventories	833,546	-	-
Restricted Investments	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 99,417,926</b>	<b>\$ 6,498,874</b>	<b>\$ 5,762,377</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accrued Salaries and Benefits	\$ 6,089,716	\$ 587,760	\$ 324,686
Payroll Deductions and Withholdings	1,627,999	178,719	75,411
Accounts Payable	5,053,740	215,232	91,579
Construction Contracts Payable	-	-	-
Construction Contracts Payable - Retained Percentage	-	30,764	-
Due to Other Funds	-	1,485,584	678,805
Due to Other Agencies	3,444,449	296,205	98,332
Unearned Revenue	159,959	3,704,610	4,493,564
<b>Total Liabilities</b>	<b>16,375,863</b>	<b>6,498,874</b>	<b>5,762,377</b>
Deferred Inflows of Resources:			
Unavailable Revenue	5,386,688	-	-
Fund Balances:			
Nonspendable:			
Prepaid Items	298,281	-	-
Inventories	833,546	-	-
Total Nonspendable Fund Balance	1,131,827	-	-
Restricted for:			
State Required Carryover Programs	825,744	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service	-	-	-
Other Purposes	6,702,546	-	-
Total Restricted Fund Balance	7,528,290	-	-
Assigned for:			
Capital Projects	-	-	-
Other Purposes	39,127,981	-	-
Total Assigned Fund Balance	39,127,981	-	-
Unassigned Fund Balance	29,867,277	-	-
<b>Total Fund Balances</b>	<b>77,655,375</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 99,417,926</b>	<b>\$ 6,498,874</b>	<b>\$ 5,762,377</b>

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

<b>Capital Projects - Local Capital Improvement Fund</b>	<b>Capital Projects - Other Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 146,288,495	\$ 114,279,748	\$ 19,449,493	\$ 369,361,365
3,886	-	3,504	352,570
-	-	-	2,164,389
14,579	3,018,891	1,279,355	23,006,977
-	-	-	298,281
-	-	643,204	1,476,750
-	-	4,117,077	4,117,077
<u>\$ 146,306,960</u>	<u>\$ 117,298,639</u>	<u>\$ 25,492,633</u>	<u>\$ 400,777,409</u>
\$ 52,974	\$ -	\$ 106,309	\$ 7,161,445
26,688	-	47,221	1,956,038
668,559	14,140	64,424	6,107,674
5,165,942	-	-	5,165,942
2,896,022	181,331	151,600	3,259,717
-	-	-	2,164,389
36,319	-	102,108	3,977,413
-	-	903,987	9,262,120
<u>8,846,504</u>	<u>195,471</u>	<u>1,375,649</u>	<u>39,054,738</u>
-	350,167	-	5,736,855
-	-	-	298,281
-	-	643,204	1,476,750
-	-	643,204	1,775,031
-	-	-	825,744
-	-	6,876,685	6,876,685
137,460,456	112,887,419	440,927	250,788,802
-	-	9,778,582	9,778,582
-	-	6,377,586	13,080,132
<u>137,460,456</u>	<u>112,887,419</u>	<u>23,473,780</u>	<u>281,349,945</u>
-	3,865,582	-	3,865,582
-	-	-	39,127,981
-	3,865,582	-	42,993,563
-	-	-	29,867,277
<u>137,460,456</u>	<u>116,753,001</u>	<u>24,116,984</u>	<u>355,985,816</u>
<u>\$ 146,306,960</u>	<u>\$ 117,298,639</u>	<u>\$ 25,492,633</u>	<u>\$ 400,777,409</u>

**Collier County District School Board  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2021**

**Total Fund Balances - Governmental Funds** \$ 355,985,816

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	889,752,912
Internal service funds are used by management to charge the costs 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.	36,776,864
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.	(2,041,162)
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.	4,348,633

The deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions	\$ 119,335,349	
Deferred Outflows Related to OPEB	774,274	
Deferred Inflows Related to Pensions	(9,720,938)	
Deferred Inflows Related to OPEB	(214,259)	110,174,426

Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Certificates of Participation Payable	\$ (172,969,350)	
Compensated Absences Payable	(42,531,190)	
Total OPEB Liability	(4,984,361)	
Net Pension Liability	(359,379,264)	(579,864,165)

**Net Position - Governmental Activities** **\$ 815,133,324**

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

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**Collier County District School Board  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Governmental Funds  
For the Fiscal Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue - Other Fund</u>	<u>Special Revenue - Federal Education Stabilization Fund</u>
<b>Revenues</b>			
Intergovernmental:			
Federal Direct	\$ 557,244	\$ 5,720,242	\$ -
Federal Through State and Local	1,783,307	31,979,072	6,275,429
State	93,955,052	423,150	-
Local:			
Property Taxes	351,747,446	-	-
Impact Fees	-	-	-
Charges for Services - Food Service	-	-	-
Miscellaneous	10,157,671	1,025,188	19
Total Local Revenues	<u>361,905,117</u>	<u>1,025,188</u>	<u>19</u>
<b>Total Revenues</b>	<u>458,200,720</u>	<u>39,147,652</u>	<u>6,275,448</u>
<b>Expenditures</b>			
Current - Education:			
Instruction	325,761,959	21,712,338	2,296,359
Student Support Services	21,314,823	2,510,001	1,190,614
Instructional Media Services	6,296,275	38,674	5,362
Instruction and Curriculum Development Services	8,633,779	7,211,699	3,719
Instructional Staff Training Services	5,119,342	5,531,113	160,999
Instruction-Related Technology	1,970,279	130,019	-
Board	1,335,711	-	-
General Administration	1,806,235	1,339,684	180,284
School Administration	34,095,862	126,865	1,181,412
Facilities Acquisition and Construction	1,801,444	15,789	-
Fiscal Services	3,510,182	-	-
Food Services	-	-	-
Central Services	9,961,032	139,291	19,894
Student Transportation Services	22,805,484	90,272	169,275
Operation of Plant	35,107,089	27,039	1,016,919
Maintenance of Plant	17,301,671	9,660	-
Administrative Technology Services	4,834,863	-	646
Fixed Capital Outlay:			
Facilities Acquisition and Construction	19,552	-	-
Other Capital Outlay	4,943,394	265,208	49,965
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
<b>Total Expenditures</b>	<u>506,618,976</u>	<u>39,147,652</u>	<u>6,275,448</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(48,418,256)</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	37,875,142	-	-
Sale of Capital Assets	4,178	-	-
Transfers Out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>37,879,320</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(10,538,936)	-	-
Fund Balances, Beginning	88,194,311	-	-
<b>Fund Balances, Ending</b>	<u>\$ 77,655,375</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

<b>Capital Projects - Local Capital Improvement Fund</b>	<b>Capital Projects - Other Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 6,277,486
-	-	21,724,630	61,762,438
-	2,036,719	2,141,281	98,556,202
150,062,073	-	-	501,809,519
-	23,918,248	-	23,918,248
-	-	1,225,662	1,225,662
757,340	1,076,342	4,474,275	17,490,835
<u>150,819,413</u>	<u>24,994,590</u>	<u>5,699,937</u>	<u>544,444,264</u>
<u>150,819,413</u>	<u>27,031,309</u>	<u>29,565,848</u>	<u>711,040,390</u>
-	-	3,251,959	353,022,615
-	-	205	25,015,643
-	-	113,316	6,453,627
-	-	-	15,849,197
-	-	-	10,811,454
-	-	-	2,100,298
-	-	-	1,335,711
-	-	-	3,326,203
-	-	973,781	36,377,920
45,718,360	383,097	3,053,484	50,972,174
-	-	-	3,510,182
-	-	22,535,401	22,535,401
-	-	-	10,120,217
139,841	-	1,645	23,206,517
-	-	-	36,151,047
-	-	-	17,311,331
-	-	-	4,835,509
10,524,271	7,160,498	-	17,704,321
3,160,287	-	645,909	9,064,763
-	-	28,840,000	28,840,000
-	-	6,804,134	6,804,134
<u>59,542,759</u>	<u>7,543,595</u>	<u>66,219,834</u>	<u>685,348,264</u>
<u>91,276,654</u>	<u>19,487,714</u>	<u>(36,653,986)</u>	<u>25,692,126</u>
-	-	34,995,947	72,871,089
125,625	-	2,726	132,529
(71,253,808)	(1,617,281)	-	(72,871,089)
<u>(71,128,183)</u>	<u>(1,617,281)</u>	<u>34,998,673</u>	<u>132,529</u>
20,148,471	17,870,433	(1,655,313)	25,824,655
117,311,985	98,882,568	25,772,297	330,161,161
<u>\$ 137,460,456</u>	<u>\$ 116,753,001</u>	<u>\$ 24,116,984</u>	<u>\$ 355,985,816</u>

**Collier County District School Board  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
For the Fiscal Year Ended June 30, 2021**

**Net Change in Fund Balances - Governmental Funds** \$ 25,824,655

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

Capital outlays are reported in the governmental funds 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 fiscal year. (20,933,796)

The loss on the 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. (126,971)

Premiums and refunding costs are reported in governmental funds in the year the debt is issued, but are deferred and amortized over the life of the debt in the government-wide statements. (448,260)

Debt service principal payments are reported as expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. This is the amount of repayments in the current period. 28,840,000

Interest on long-term debt is recognized as an expenditures in the governmental funds when due, but is recognized as interest accrued in the government-wide statements. 471,096

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 fiscal year. (2,059,258)

Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through an actuarial valuation, is reported as an OPEB expense.

Decrease in Total OPEB Liability	\$	42,745	
Decrease in Deferred Outflows of Resources - OPEB		(67,261)	
Increase in Deferred Inflows of Resources - OPEB		(123,463)	(147,979)

Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.

FRS Pension Contribution	\$	24,620,000	
HIS Pension Contribution		5,188,835	
FRS Pension Expense		(49,977,786)	
HIS Pension Expense		(9,043,887)	(29,212,838)

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. (3,175,147)

**Change in Net Position - Governmental Activities** \$ (968,498)

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

**Collier County District School Board  
Statement of Net Position – Proprietary Funds  
June 30, 2021**

	<b>Governmental Activities - Internal Service Funds</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 44,676,025
Accounts Receivable	735,809
	45,411,834
<b>TOTAL ASSETS</b>	
<b>LIABILITIES</b>	
Current Liabilities:	
Accrued Salaries and Benefits	16,005
Payroll Deductions and Withholdings	6,011
Accounts Payable	506,287
Due to Other Agencies	45,667
Estimated Liability for Self-Insurance Program	7,342,000
	7,915,970
<b>Total Current Liabilities</b>	
Noncurrent Liabilities:	
Estimated Liability for Self-Insurance Program	719,000
	8,634,970
<b>TOTAL LIABILITIES</b>	
<b>NET POSITION</b>	
Unrestricted	\$ 36,776,864
	36,776,864

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

**Collier County District School Board  
Statement of Revenues, Expenses, and Changes in Fund  
Net Position – Proprietary Funds  
For the Fiscal Year Ended June 30, 2021**

	<b>Governmental Activities - Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Premium Revenue	\$ 60,428,026
<b>OPERATING EXPENSES</b>	
Salaries	586,092
Employee Benefits	176,608
Purchased Services	5,124,324
Materials and Supplies	2,939
Insurance Claims	57,741,823
Other	100,871
<b>Total Operating Expenses</b>	63,732,657
<b>Operating Loss</b>	(3,304,631)
<b>NONOPERATING REVENUES</b>	
Investment Income	115,233
Other Miscellaneous Local Sources	14,251
<b>Total Nonoperating Revenues</b>	129,484
<b>Change in Net Position</b>	(3,175,147)
Total Net Position - Beginning	39,952,011
<b>Total Net Position - Ending</b>	\$ 36,776,864

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

**Collier County District School Board  
Statement of Cash Flows – Proprietary Funds  
For the Fiscal Year Ended June 30, 2021**

	<b>Governmental Activities - Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Premiums	\$ 60,119,437
Cash Payments to Suppliers for Goods and Services	(5,220,044)
Cash Payments to Employees for Services	(760,873)
Other Payments for Insurance Claims	(55,794,823)
	(1,656,303)
<b>Net Cash Used by Operating Activities</b>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Other Miscellaneous Local Sources	14,251
	115,233
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	115,233
	(1,526,819)
<b>Net Decrease in Cash and Cash Equivalents</b>	
Cash and Cash Equivalents, Beginning	46,202,844
	\$ 44,676,025
<b>Cash and Cash Equivalents, Ending</b>	
 <b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>	
Operating Loss	\$ (3,304,631)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Accounts Receivable	(308,588)
Accrued Salaries and Benefits	466
Payroll Deductions and Withholding	(913)
Accounts Payable	(27,129)
Due to Other Agencies	37,492
Estimated Liability for Self-Insurance Program	1,947,000
	1,648,328
<b>Total Adjustments</b>	
<b>Net Cash Used by Operating Activities</b>	\$ (1,656,303)

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

# **NOTES TO FINANCIAL STATEMENTS**

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## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. 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 nonfiduciary activities of the primary government and its component units. Governmental activities are supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Collier County School District's (District) 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.

### **B. 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 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.** Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. 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 III.H.1. 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 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 the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are a public school and the District is responsible for the operation, control, and supervision of public schools within the District.

- 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.

The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2021. 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 2020-21 fiscal year.

### **C. 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.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and the internal service funds. Separate financial statements are provided for governmental funds and proprietary funds.

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

#### **D. Basis of Presentation: Fund Financial Statements**

The fund financial statements provide information about the District's funds, including the blended component units. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. 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.
- Special Revenue – Other Fund – to account for certain Federal grant program resources.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources related to the Elementary and Secondary School Emergency Relief Fund and Other Cares Act Relief Funds.
- 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, new and replacement equipment, and debt service payments on certificates of participation.
- Capital Projects – Other Fund – to account for various 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.

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.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated in the preparation of the government-wide statements. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, transfers between the funds included in governmental activities are eliminated in the preparation of the government-wide statements.

## **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported 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. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary funds are reported using 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.

## **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term 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.

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, and is therefore exempt from Florida's public deposits program

pursuant to Section 280.03(3)(f), 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.

## **2. Investments**

Investments consist of 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.

The District's investment 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. This investment is reported at fair value, which is amortized cost.

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

## **3. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on the 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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

## **4. 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 costing more than \$1,000. 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. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

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.

## **5. 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.

## **6. 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. Certificates of participation (COPs) premiums and discounts are deferred and amortized over the life of the debt using the interest method. COPs liabilities are reported net of the applicable premium or discount. Certain costs resulting from debt refundings are reported as deferred outflow of resources.

In the governmental fund financial statements, 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.

## **7. 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 resulting from the difference in the carrying value of refunded debt and its reacquisition price. The second

and third items, deferred outflows of resources related to pensions and other postemployment benefits (OPEB) are discussed in subsequent notes.

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. In addition, both the government-wide statement of net position and the governmental fund balance sheet report as unavailable revenue certain revenues related to Federal Emergency Management Agency (FEMA) claims and State grants.

## **8. 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.

## **9. 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.

## **10. 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, 2021.

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.

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.

## **G. Revenues and Expenditures/Expenses**

### **1. 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.

### **2. 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.

The District received an allocation from the State under the Educational Facilities Security Grant program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE. Accordingly, the District recognizes the allocation of these funds as unearned revenue until such time as an encumbrance authorization is received.

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

### **3. 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 2020 tax levy on September 8, 2020. 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.

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.

### **4. 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 or building acquisition; facility design and construction costs; furniture and equipment; and payment of principal, interest, and related costs of indebtedness necessitated by new residential development.

## **5. 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. The FDOE may require adjustments to subsequent fiscal period expenditures and related revenues based upon an audit of the District's compliance with applicable Federal awards requirements. Normally, such adjustments are treated as reductions of expenditures and related revenues in the fiscal year when the adjustments are made.

## **6. 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.

## **7. 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.

## **II. ACCOUNTING CHANGE**

Effective July 1, 2020, Collier Charter Academy, a District component unit, implemented GASB Statement No. 84, *Fiduciary Activities*. This Statement addresses a change in how fiduciary activities are identified and reported. The charter school's internal account activity will now be reported in a special revenue fund. As such, the beginning net position of the District's component unit was increased by \$73,120.

### III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

#### A. Cash Deposits with Financial Institutions

**Custodial Credit Risk.** In the case of deposits, this is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. 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.

#### B. Investments

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

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA:		
Florida PRIME (1)	50 Day Average	\$ 68,152,426
Master Repurchase Agreement with Bank of America (2)	November 18, 2021	<u>4,117,077</u>
<b>Total Investments, Reporting Entity</b>		<b><u>\$ 72,269,503</u></b>

(1) This investment is reported as a cash equivalent 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 \$4,117,007. See Note III.H.1.

#### **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.

#### **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, Section 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] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.” With regard to liquidity fees, Florida Statutes 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, 2021, 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 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 governmental 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.

As of June 30, 2021, the District’s investment in Florida PRIME is rates 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 Qualifies Zone Academy Bonds (QZABs) paying agent. This forward delivery agreement also authorizes the investment of available sinking fund amounts in certain eligible securities, including, without limitations, 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 5.7 percent of the District's total investments and 100 percent of the investments reported in the nonmajor funds on the government funds' balance sheet.

## C. Changes in Capital Assets

Changes in capital assets are presented in the following table:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 90,761,863	\$ -	\$ -	\$ 90,761,863
Land Improvements	33,922,905	-	-	33,922,905
Construction in Progress	<u>15,133,838</u>	<u>8,273,983</u>	<u>7,718,652</u>	<u>15,689,169</u>
Total Capital Assets Not Being Depreciated	<u>139,818,606</u>	<u>8,273,983</u>	<u>7,718,652</u>	<u>140,373,937</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	48,024,724	1,967,074	62,671	49,929,127
Buildings and Fixed Equipment	1,289,364,334	6,722,050	-	1,296,086,384
Furniture, Fixtures, and Equipment	102,563,534	13,644,068	16,693,674	99,513,928
Motor Vehicles	50,419,453	4,143,642	4,996,984	49,566,111
Audio Visual Materials	29,413	-	4,714	24,699
Computer Software	<u>8,055,582</u>	<u>70,058</u>	<u>484,774</u>	<u>7,640,866</u>
Total Capital Assets Being Depreciated	<u>1,498,457,040</u>	<u>26,546,892</u>	<u>22,242,817</u>	<u>1,502,761,115</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	26,653,921	2,594,568	-	29,248,489
Buildings and Fixed Equipment	588,516,090	32,636,335	-	621,152,425
Furniture, Fixtures, and Equipment	81,379,073	8,218,775	16,629,374	72,968,474
Motor Vehicles	22,957,724	4,522,116	4,996,984	22,482,856
Audio Visual Materials	29,413	-	4,714	24,699
Computer Software	<u>7,925,746</u>	<u>64,225</u>	<u>484,774</u>	<u>7,505,197</u>
Total Accumulated Depreciation	<u>727,461,967</u>	<u>48,036,019</u>	<u>22,115,846</u>	<u>753,382,140</u>
Total Capital Assets Being Depreciated, Net	<u>770,995,073</u>	<u>(21,489,127)</u>	<u>126,971</u>	<u>749,378,975</u>
Governmental Activities Capital Assets, Net	<u>\$ 910,813,679</u>	<u>\$ (13,215,144)</u>	<u>\$ 7,845,623</u>	<u>\$ 889,752,912</u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
<b>GOVERNMENTAL ACTIVITIES</b>	
Instruction	\$ 17,655,224
Student Personnel Services	18,065
Instructional Media Services	1,189
Instruction and Curriculum Development Services	120,081
Instructional Staff Training Services	47,042
Board	22,715
General Administration	29,584
School Administration	51,358
Facilities Acquisition and Construction	28,106,527
Fiscal Services	21,226
Food Services	688,827
Central Services	154,772
Student Transportation Services	939,721
Operation of Plant	48,310
Maintenance of Plant	127,038
Administrative Technology Services	4,340
Total Depreciation Expense – Governmental Activities	<u>\$ 48,036,019</u>

## D. Retirement Plans

### 1. FRS – 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](http://www.dms.myflorida.com)).

The District's FRS and HIS pension expense totaled \$59,021,673 for the fiscal year ended June 30, 2021.

#### FRS Pension Plan

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

- *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:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>Percent Value</u></b>
<b>Regular Members Initially Enrolled Before July 1, 2011</b>	
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
<b>Regular Members Initially Enrolled On or After July 1, 2011</b>	
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
<b>Elected County Officers</b>	3.00
<b>Senior Management Service</b>	2.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2020-21 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	10.00
FRS, Elected County Officers	3.00	49.18
FRS, Senior Management Service	3.00	27.29
DROP – Applicable to Members from All of the Above Classes	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

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

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

The District's contributions to the Plan totaled \$24,620,000 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a liability of \$252,114,562 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.581693562 percent, which was an increase of 0.003783513 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the Plan pension expense of \$49,977,786. 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>
Differences Between Expected and Actual Experience	\$ 9,648,937	\$ -
Change of Assumptions	45,640,758	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	15,011,143	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	1,532,700	2,745,278
District FRS Contributions Subsequent to the Measurement Date	24,620,000	-
<b>Total</b>	<b>\$ 96,453,538</b>	<b>\$ 2,745,278</b>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$24,620,000, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 13,458,147
2023	22,178,076
2024	19,287,336
2025	11,497,599
2026	<u>2,667,102</u>
<b>Total</b>	<b><u>\$ 69,088,260</u></b>

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

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	6.80 percent, net of pension plan investment expense, including inflation

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

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

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
<b>Total</b>	<u>100%</u>			
Assumed inflation - Mean			2.4%	1.7%

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

**Discount Rate.** The discount rate used to measure the total pension liability was 6.8 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2020 valuation was updated from 6.9 percent to 6.8 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 6.8 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 (5.8 percent) or 1 percentage point higher (7.8 percent) than the current rate:

	<u>1% Decrease (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase (7.8%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 402,584,587	\$ 252,114,562	\$ 126,441,344

**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, 2021, the District reported a payable of \$2,940,928 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2021.

### **HIS Pension Plan**

**Plan Description.** The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, 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, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS 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, 2021, 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 \$5,188,835 for the fiscal year ended June 30, 2021.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2021, the District reported a net pension liability of \$107,264,702 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.878510506 percent, which was an increase of 0.007817198 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized the HIS Plan pension expense of \$9,043,887. 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>
Differences Between Expected and Actual Experience	\$ 4,387,777	\$ 82,748
Change of Assumptions	11,534,009	6,237,024
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	85,641	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	1,685,549	655,888
District HIS Contributions Subsequent to the Measurement Date	5,188,835	-
<b>Total</b>	<b>\$ 22,881,811</b>	<b>\$ 6,975,660</b>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$5,188,835, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 2,783,713
2023	2,097,039
2024	738,851
2025	1,574,218
2026	1,887,948
Thereafter	1,635,547
<b>Total</b>	<b>\$ 10,717,316</b>

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

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	2.21 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 2.21 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the

projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the 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 3.5 percent to 2.21 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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	<b>1% Decrease (1.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
District's Proportionate Share of the Net Pension Liability	\$ 123,993,208	\$ 107,264,702	\$ 93,572,468

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, 2021, the District reported a payable of \$574,184 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

## **2. 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 in 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 2020-21 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, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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 \$7,115,947 for the fiscal year ended June 30, 2021.

Payables to the Investment Plan. At June 30, 2021, the District reported a payable of \$1,142,284 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2021.

## **E. 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 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 recommendations of the Insurance Committee and action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

**Benefits Provided.** The OPEB Plan provides 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, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	150
Active Employees	<u>5,207</u>
Total	<u><u>5,357</u></u>

**Total OPEB Liability.** The District's total OPEB liability of \$4,984,361 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

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

Inflation	3 percent, annually
Salary Increases	3 percent, annually
Discount Rate	1.6 percent
Healthcare Cost Trend Rates	5 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 Pri-2012 Mortality Fully Generational using Projection Scale MP-2020.

**Changes in the Total OPEB Liability.**

	<u>Amount</u>
Balance at June 30, 2020	<u>\$ 5,027,106</u>
Changes for the year:	
Service Cost	280,594
Interest	85,061
Differences Between Expected and Actual Experience	(136,738)
Changes of Assumptions or Other Inputs	33,275
Benefit Payments	<u>(304,937)</u>
Net Changes	<u>(42,745)</u>
Balance at June 30, 2021	<u><u>\$ 4,984,361</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 1.65 percent as of June 30, 2020, to 1.6 percent as of June 30, 2021. The mortality assumption has been updated from RP-2014 Mortality Fully Generational using Projection Scale MP-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 (0.6 percent) or 1 percentage point higher (2.6 percent) than the current rate:

	<b>1% Decrease (0.6%)</b>	<b>Current Discount Rate (1.6%)</b>	<b>1% Increase (2.6%)</b>
Total OPEB Liability	\$ 5,456,809	\$ 4,984,361	\$ 4,557,837

*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 (4 percent for all years) or 1 percentage point higher (6 percent for all years) than the current healthcare cost trend rates:

	<b>1% Decrease (4% for all years)</b>	<b>Healthcare Cost Trend Rates (5% for all years)</b>	<b>1% Increase (6 percent for all years)</b>
Total OPEB Liability	\$ 4,437,991	\$ 4,984,361	\$ 5,630,605

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$452,916. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 251,585	\$ 214,259
Change of Assumptions or Other Inputs	522,689	-
<b>Total</b>	<b>\$ 774,274</b>	<b>\$ 214,259</b>

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 75,636
2023	75,636
2024	75,636
2025	75,636
2026	75,636
Thereafter	181,835
<b>Total</b>	<u>\$ 560,015</u>

## F. Construction and Other Significant Commitments

**Construction Contracts.** The following is a schedule of major construction contract commitments at June 30, 2021:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Lake Park Elementary School: New Physical Education Building	\$ 36,000	\$ 27,488	\$ 8,512
Naples Park Elementary School: Improvements to Building and Site	1,549,578	128,458	1,421,120
Lely High School: Construct Connecting Sidewalk Outside Weight Room	28,303	22,368	5,935
Immokalee High School: Design Services, Permitting, and Labor and Equipment for New Addition and Renovations	16,369,752	1,639,551	14,730,201
Lorenzo Walker Institute Tech: Parking Lot Expansion	846,074	684,258	161,816
Barron Collier High School: Construction Exterior Dining Area	65,987	52,280	13,707
Big Cypress Elementary School: Install Concrete Pad Adjacent to Hardcourts and Pavilion	48,604	35,628	12,976
Corkscrew Middle School: Replace Gutters and Downspouts and Install Sidewalks from School to Roadway	35,795	35,795	-
Cypress Palm Middle School: Construction of Central Energy Plant	5,446,529	5,100,145	346,384
High School GGG: Design Services, Environmental Permitting, Relocation of Gopher Tortoises, and Construction for New High School	102,039,826	7,956,738	94,083,088
Phoenix: Install Walkway Canopy, Sidewalks, and ADA Compliant Stairs and Railings	43,479	6,460	37,019
<b>Total</b>	<u>\$ 126,509,927</u>	<u>\$ 15,689,169</u>	<u>\$ 110,820,758</u>

**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, 2021:

<b>Major Funds</b>						
<b>General</b>	<b>Special Revenue - Other</b>	<b>Special Revenue - Federal Education Stabilization</b>	<b>Capital Projects - Local Capital Improvement</b>	<b>Capital Projects - Other</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 2,951,741	\$ 503,494	\$ 335,850	\$ 67,073,850	\$ 104,903,371	\$ 1,409,642	\$ 177,177,948

## G. 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 Collier County District School Board 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 Directors 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 \$5,954,000 was actuarially determined at June 30, 2021.

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, 2021, of \$2,107,000 was discounted to net present value using an annual rate of 2.5 percent.

A liability in the amount of \$8,061,000 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, 2021.

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

	<b>Beginning of Fiscal-Year Liability</b>	<b>Current-Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year End</b>
2019-20	\$ 8,616,000	\$ 45,407,078	\$ (47,909,078)	\$ 6,114,000
2020-21	6,114,000	57,741,823	(55,794,823)	8,061,000

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.

## H. Long-Term Liabilities

### 1. Certificates of Participation

Certificates of participation at June 30, 2021, are as follows:

<b>Series</b>	<b>Amount Outstanding</b>	<b>Interest Rates (Percent)</b>	<b>Lease Term Maturity</b>	<b>Original Amount</b>
Series 2005A, Refunding	\$ 17,395,000	5.25	2022	\$ 106,345,000
Series 2005-QZAB	4,192,000	None	2021	4,192,000
Series 2010, COPS Refunding	3,260,000	2.74	2022	27,675,000
Series 2014A, COPS Refunding	<u>148,070,000</u>	3.05	2026	164,765,000
Subtotal	172,917,000			
Plus: Unamortized Premiums	<u>52,350</u>			
<b>Total Certificates of Participation</b>	<b><u>\$ 172,969,350</u></b>			

The District entered into a master financing arrangement on August 1, 1992, which was characterized as 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 certificates of participation to be repaid from the proceeds of rents paid by the District.

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 improvement 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 agreement 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.

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:

Fiscal Year Ending June 30	Certificates of Participation		Certificates of Participation, Direct Placement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$24,847,000	\$3,260,629	\$ 10,670,000	\$ 2,258,068	\$ 35,517,000	\$ 5,518,697
2023	-	-	32,765,000	4,190,700	32,765,000	4,190,700
2024	-	-	33,810,000	3,191,368	33,810,000	3,191,368
2025	-	-	34,860,000	2,160,162	34,860,000	2,160,162
2026	-	-	35,965,000	1,096,932	35,965,000	1,096,932
Total Minimum Lease Payments	24,847,000	3,260,629	148,070,000	12,897,230	172,917,000	16,157,859
Plus: Unamortized Net Premiums	52,350	-	-	-	52,350	-
<b>Total Certificates of Participation</b>	<b>\$24,899,350</b>	<b>\$3,260,629</b>	<b>\$148,070,000</b>	<b>\$12,897,230</b>	<b>\$172,969,350</b>	<b>\$16,157,859</b>

## 2. Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Certificates of Participation Payable, Net	\$ 46,656,877	-	\$ 21,757,527	\$ 24,899,350	\$24,855,605
Certificates of Participation - Direct Placement	155,985,000	-	7,915,000	148,070,000	10,670,000
Total Certificates of Participation	202,641,877	-	29,672,527	172,969,350	35,525,605
Total OPEB Liability	5,027,106	262,192	304,937	4,984,361	239,993
Estimated Insurance Claims Payable	6,114,000	57,741,823	55,794,823	8,061,000	7,342,000
Compensated Absences Payable	40,471,932	19,656,080	17,596,822	42,531,190	17,596,822
Net Pension Liability	296,446,043	170,416,322	107,483,101	359,379,264	1,118,237
<b>Total Governmental Activities</b>	<b>\$550,700,958</b>	<b>\$248,076,417</b>	<b>\$210,852,210</b>	<b>\$587,925,165</b>	<b>\$61,822,657</b>

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 III.G.

## I. Fund Balance Reporting

The following is a schedule of fund balances by category at June 30, 2021:

	<u>Major Funds</u>				<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects - Local Capital Improvement</u>	<u>Capital Projects - Other</u>	<u>Nonmajor Governmental Funds</u>	
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Inventories	\$ 833,546	\$ -	\$ -	\$ 643,204	\$ 1,476,750
Prepaid Items	298,281	-	-	-	298,281
<b>Restricted:</b>					
State Required Carryover	825,744	-	-	-	825,744
Food Service	-	-	-	9,778,582	9,778,582
Debt Service	-	-	-	6,876,685	6,876,685
Capital Projects	-	137,460,456	112,887,419	440,927	250,788,802
Workforce Programs	2,685,008	-	-	-	2,685,008
School Improvement	267,538	-	-	-	267,538
Other Restriction	3,750,000	-	-	6,377,586	10,127,586
<b>Assigned:</b>					
Next FY Deficit	16,500,858	-	-	-	16,500,858
Purchases Outstanding at Year End	2,776,833	-	436,287	-	3,213,120
School Carry Forwards	11,060,290	-	-	-	11,060,290
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	-	-	3,429,295	-	3,429,295
<b>Unassigned</b>					
Reserve for Future Budget Shortfalls	5,859,527	-	-	-	5,859,527
Strategic Reserve	24,007,750	-	-	-	24,007,750
<b>Total Fund Balances</b>	<u>\$ 77,655,375</u>	<u>\$ 137,460,456</u>	<u>\$ 116,753,001</u>	<u>\$ 24,116,984</u>	<u>\$ 355,985,816</u>

In addition to committed and assigned fund balance categories discussed in Note I.F.10., 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.
- **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.

## J. Interfund Receivables and Payables

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	\$ 2,164,389	-
Special Revenue:		
Other	-	1,485,584
Federal Education Stabilization	-	678,805
<b>Total</b>	<b>\$ 2,164,389</b>	<b>\$ 2,164,389</b>

The interfund receivables and payables represent temporary loans between funds to cover expenditures incurred prior to reimbursement from outside parties. All balances are expected to be repaid within 1 year.

## K. Revenues

### 1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2020-21 fiscal year:

<u>Source</u>	<u>Amount</u>
Categorical Educational Program - Class Size Reduction	\$56,057,542
Florida Education Finance Program	26,278,335
Workforce Development Program	10,017,505
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,922,469
Charter School Capital Outlay	1,528,948
Voluntary Prekindergarten Program	807,483
Educational Facilities Security Grant	457,230
Sales Tax Distribution	446,500
Florida Job Growth Workforce Training Grant	275,161
Food Service Supplement	247,178
State License Tax	114,162
Workforce Performance Based Initiative	108,000
State Through Local	63,170
Miscellaneous	232,519
<b>Total</b>	<b>\$98,556,202</b>

Accounting policies relating to certain State revenue sources are described in Note I.G.2.

## 2. Property Taxes

The following is a summary of millages and taxes levied on the 2020 tax roll for the 2020-21 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<b><u>General Fund</u></b>		
Nonvoted School Tax:		
Required Local Effort	2.768	\$ 287,288,173
Basic Discretionary Local Effort	0.748	77,634,232
<b><u>Capital Projects - Local Capital Improvement Fund</u></b>		
Nonvoted Tax:		
Local Capital Improvements	<u>1.500</u>	<u>155,683,619</u>
<b>Total</b>	<b><u>5.016</u></b>	<b><u>\$520,606,024</u></b>

## L. Interfund Transfers

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	\$ 37,875,142	-
Capital Projects:		
Local Capital Improvement	-	71,253,808
Other	-	1,617,281
Nonmajor Governmental	<u>34,995,947</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 72,871,089</u></b>	<b><u>\$ 72,871,089</u></b>

Transfers to the General Fund were to reimburse expenditures for repairs and maintenance projects, property casualty insurance premiums, and equipment purchases. 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.

#### IV. INTERNAL SERVICE FUNDS

The following is a summary of financial information as reported in the internal service funds for the 2020-21 fiscal year:

	<u>Total</u>	<u>Group Health Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Employee Benefit Plan</u>
Total Assets	<u>\$45,411,834</u>	<u>\$ 30,972,555</u>	<u>\$ 13,844,032</u>	<u>\$ 595,247</u>
Liabilities and Net Position:				
Accrued Salaries and Benefits	\$ 16,005	\$ 13,400	\$ 2,605	\$ -
Payroll Deductions and Withholdings Payable	6,011	5,409	602	-
Accounts Payable	506,287	493,957	5,805	6,525
Due to Other Agencies	45,667	44,503	1,164	-
Estimated Liability for Self-Insurance Program	8,061,000	5,954,000	2,107,000	-
Unrestricted Net Position	<u>36,776,864</u>	<u>24,461,286</u>	<u>11,726,856</u>	<u>588,722</u>
Total Liabilities and Net Position	<u>\$45,411,834</u>	<u>\$ 30,972,555</u>	<u>\$ 13,844,032</u>	<u>\$ 595,247</u>
Revenues:				
Premium Contributions	\$60,428,026	\$57,401,759	\$ 1,613,727	\$1,412,540
Investment Income	115,233	62,859	50,302	2,072
Other Miscellaneous Local Sources	<u>14,251</u>	<u>14,251</u>	<u>-</u>	<u>-</u>
Total Revenues	60,557,510	57,478,869	1,664,029	1,414,612
Total Expenses	<u>(63,732,657)</u>	<u>(61,217,837)</u>	<u>(1,115,713)</u>	<u>(1,399,107)</u>
Change in Net Position	<u>\$ (3,175,147)</u>	<u>\$ (3,738,968)</u>	<u>\$ 548,316</u>	<u>\$ 15,505</u>

#### V. 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

## Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2021

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Intergovernmental:				
Federal Direct	\$ 490,000	\$ 557,244	\$ 557,244	\$ -
Federal Through State and Local	1,100,000	1,783,307	1,783,307	-
State	96,257,355	93,992,531	93,955,052	(37,479)
Local:				
Property Taxes	349,223,795	351,747,446	351,747,446	-
Miscellaneous	9,020,448	10,157,671	10,157,671	-
Total Local Revenues	358,244,243	361,905,117	361,905,117	-
<b>Total Revenues</b>	456,091,598	458,238,199	458,200,720	(37,479)
<b>Expenditures</b>				
Current - Education:				
Instruction	334,507,270	338,205,469	325,761,959	12,443,510
Student Support Services	20,865,551	22,270,252	21,314,823	955,429
Instructional Media Services	6,486,571	6,399,416	6,296,275	103,141
Instruction and Curriculum Development Services	8,499,293	8,671,728	8,633,779	37,949
Instructional Staff Training Services	5,163,915	5,312,275	5,119,342	192,933
Instruction-Related Technology	1,817,739	1,970,279	1,970,279	-
Board	1,568,956	1,414,078	1,335,711	78,367
General Administration	2,299,141	1,806,235	1,806,235	-
School Administration	33,671,521	34,234,236	34,095,862	138,374
Facilities Acquisition and Construction	1,838,059	1,897,427	1,801,444	95,983
Fiscal Services	3,747,135	3,584,344	3,510,182	74,162
Central Services	10,790,485	10,122,505	9,961,032	161,473
Student Transportation Services	25,479,581	23,454,889	22,805,484	649,405
Operation of Plant	39,243,491	36,024,025	35,107,089	916,936
Maintenance of Plant	18,525,102	17,674,546	17,301,671	372,875
Administrative Technology Services	5,530,409	4,916,863	4,834,863	82,000
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	19,552	19,552	-
Other Capital Outlay	-	4,943,394	4,943,394	-
<b>Total Expenditures</b>	520,034,219	522,921,513	506,618,976	16,302,537
<b>Deficiency of Revenues Over Expenditures</b>	(63,942,621)	(64,683,314)	(48,418,256)	16,265,058
<b>Other Financing Sources (Uses)</b>				
Transfers In	34,743,470	37,938,332	37,875,142	(63,190)
Sale of Capital Assets	5,000	4,178	4,178	-
Transfers Out	(3,584,145)	-	-	-
<b>Total Other Financing Sources</b>	31,164,325	37,942,510	37,879,320	(63,190)
<b>Net Change in Fund Balances</b>	(32,778,296)	(26,740,804)	(10,538,936)	16,201,868
Fund Balances, Beginning	88,194,311	88,194,311	88,194,311	-
<b>Fund Balances, Ending</b>	\$ 55,416,015	\$ 61,453,507	\$ 77,655,375	\$ 16,201,868

Special Revenue - Other Fund				Special Revenue - Federal Education Stabilization Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 5,452,340	\$ 9,778,120	\$ 5,720,242	\$ (4,057,878)	\$ -	\$ -	\$ -	\$ -
35,249,709	36,588,099	31,979,072	(4,609,027)	9,842,573	10,768,993	6,275,429	(4,493,564)
1,572,332	1,687,488	423,150	(1,264,338)	-	-	-	-
-	-	-	-	-	-	-	-
1,076,898	1,114,078	1,025,188	(88,890)	71,739	19	19	-
1,076,898	1,114,078	1,025,188	(88,890)	71,739	19	19	-
43,351,279	49,167,785	39,147,652	(10,020,133)	9,914,312	10,769,012	6,275,448	(4,493,564)
23,889,412	29,727,625	21,712,338	8,015,287	5,255,483	5,060,985	2,296,359	2,764,626
3,058,707	2,943,644	2,510,001	433,643	608,312	1,685,614	1,190,614	495,000
27,739	43,918	38,674	5,244	1,071	5,362	5,362	-
7,546,480	7,639,207	7,211,699	427,508	3,973	44,220	3,719	40,501
6,256,669	5,979,044	5,531,113	447,931	6,401	301,476	160,999	140,477
141,486	139,497	130,019	9,478	-	-	-	-
-	-	-	-	-	-	-	-
1,503,354	1,575,469	1,339,684	235,785	-	327,627	180,284	147,343
284,612	290,279	126,865	163,414	257,719	1,231,390	1,181,412	49,978
100,518	100,518	15,789	84,729	-	-	-	-
-	-	-	-	-	-	-	-
284,268	190,083	139,291	50,792	51,307	59,889	19,894	39,995
118,686	125,220	90,272	34,948	366,164	209,802	169,275	40,527
136,098	138,381	27,039	111,342	2,359,482	1,792,036	1,016,919	775,117
3,250	9,692	9,660	32	-	-	-	-
-	-	-	-	1,004,400	646	646	-
-	-	-	-	-	-	-	-
-	265,208	265,208	-	-	49,965	49,965	-
43,351,279	49,167,785	39,147,652	10,020,133	9,914,312	10,769,012	6,275,448	4,493,564
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**Schedule of Changes in the District's  
Total OPEB Liability and Related Ratios**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 280,594	\$ 242,520	\$ 205,854	\$ 193,755
Interest	85,061	106,581	127,628	128,817
Differences Between Expected and Actual Experience	(136,738)	145,223	158,099	(117,344)
Changes of Assumptions or Other Inputs	33,275	273,686	317,621	-
Benefit Payments	<u>(304,937)</u>	<u>(264,669)</u>	<u>(262,517)</u>	<u>(247,657)</u>
<b>Net Change in Total OPEB Liability</b>	<u>(42,745)</u>	<u>503,341</u>	<u>546,685</u>	<u>(42,429)</u>
Total OPEB Liability - Beginning	<u>5,027,106</u>	<u>4,523,765</u>	<u>3,977,080</u>	<u>4,019,509</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 4,984,361</u>	<u>\$ 5,027,106</u>	<u>\$ 4,523,765</u>	<u>\$ 3,977,080</u>
Covered-Employee Payroll	\$ 280,061,091	\$ 279,084,875	\$ 248,030,068	\$ 241,183,041
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	1.78%	1.80%	1.82%	1.65%

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

Fiscal Year Ending June 30	District's Proportion of the FRS Net Pension Liability	District's Proportionate Share of the FRS Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS 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	0.584800149%	176,145,240	284,214,915	61.98%	84.26%
2019	0.577910049%	199,024,175	291,226,683	68.34%	82.61%
2020	0.581693562%	252,114,562	305,079,101	82.64%	78.85%

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

**Schedule of District Contributions –  
Florida Retirement System Pension Plan (1)**

Fiscal Year Ending June 30	Contractually Required FRS Contribution	Contractually Required Contribution	FRS Contribution Deficiency (Excess)	District's Covered Payroll	FRS Contributions as a Percentage 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%
2021	24,620,000	(24,620,000)	-	312,611,664	7.88%

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

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

<b>Fiscal Year Ending June 30</b>	<b>District's Proportion of the HIS Net Pension Liability</b>	<b>District's Proportionate Share of the HIS Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<b>2013</b>	0.863233755%	\$ 75,155,848	\$ 236,841,725	31.73%	1.78%
<b>2014</b>	0.874825796%	81,798,347	260,243,604	31.43%	0.99%
<b>2015</b>	0.871462424%	88,875,459	264,464,333	33.61%	0.50%
<b>2016</b>	0.863915180%	100,685,735	266,701,427	37.75%	0.97%
<b>2017</b>	0.855030475%	91,423,803	272,584,491	33.54%	1.64%
<b>2018</b>	0.869865375%	92,067,528	284,214,915	32.39%	2.15%
<b>2019</b>	0.870693308%	97,421,868	291,226,683	33.45%	2.63%
<b>2020</b>	0.878510506%	107,264,702	305,079,101	35.16%	3.00%

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

**Schedule of District Contributions –  
Health Insurance Subsidy Pension Plan (1)**

<b>Fiscal Year Ending June 30</b>	<b>Contractually Required HIS Contribution</b>	<b>HIS Contributions in Relation to the Contractually Required Contribution</b>	<b>HIS Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>HIS Contributions as a Percentage of Covered Payroll</b>
<b>2014</b>	\$ 2,996,859	\$ (2,996,859)	\$ -	\$ 260,243,604	1.15%
<b>2015</b>	3,331,272	(3,331,272)	-	264,464,333	1.26%
<b>2016</b>	4,428,116	(4,428,116)	-	266,701,427	1.66%
<b>2017</b>	4,525,068	(4,525,068)	-	272,584,491	1.66%
<b>2018</b>	4,714,936	(4,714,936)	-	284,214,915	1.66%
<b>2019</b>	4,834,875	(4,834,875)	-	291,226,683	1.66%
<b>2020</b>	5,063,803	(5,063,803)	-	305,079,101	1.66%
<b>2021</b>	5,188,835	(5,188,835)	-	312,611,664	1.66%

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

## 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 meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

*Changes of Assumptions.* In 2021, the discount rate was changed from 1.65 percent as of June 30, 2020, to 1.6 percent as of June 30, 2021, and the mortality assumption was updated.

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

*Changes of Assumptions.* In 2020, the long-term expected rate of return was decreased from 6.9 percent to 6.8 percent.

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

*Changes of Assumptions.* In 2020, the municipal bond rate used to determine total pension liability was decreased from 3.5 percent to 2.21 percent, and the mortality assumption was updated.

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## Collier County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
<b>Clustered</b>				
<b>Child Nutrition Cluster</b>				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	21002	\$ -	\$ 78,507
National School Lunch Program	10.555	21001, 21003	-	1,042,552
COVID-19 National School Lunch Program	COVID-19, 10.555	21001, 21003	-	620,739
Total National School Lunch Program			-	1,663,291
Summer Food Service Program for Children	10.559	20006, 20007, 21006, 21007	-	19,386,611
<b>Total Child Nutrition Cluster</b>			-	21,128,409
<b>Student Financial Assistance Cluster</b>				
United States Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	14,630
Federal Pell Grant Program	84.063	N/A	-	1,415,600
<b>Total Student Financial Assistance Cluster</b>			-	1,430,230
<b>Special Education Cluster</b>				
United States Department of Education:				
Special Education - Grants to States:				
Florida Department of Education	84.027	263	-	10,419,403
University of South Florida		None	-	80,965
Total Special Education - Grants to States	84.027		-	10,500,368
Special Education - Preschool Grants:				
Florida Department of Education	84.173	267	-	280,519
<b>Total Special Education Cluster</b>			-	10,780,887
<b>Child Care and Development Fund Cluster</b>				
United States Department of Health and Human Services:				
Early Learning Coalition of Southwest Florida:				
Child Care and Development Block Grant	COVID-19, 93.575	None	-	235,124
<b>Not Clustered</b>				
<b>United States Department of Agriculture</b>				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	4750	-	1,122,236
Florida Department of Agriculture and Consumer Services:				
State Administrative Expenses for Child Nutrition	10.560	None	-	12,875
Farm to School Grant Program	10.575	None	-	2,500
<b>Total United States Department of Agriculture</b>			-	1,137,611
<b>United States Department of Defense</b>				
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	557,244
<b>United States Department of Labor</b>				
Florida Department of Education:				
National Farmworker Jobs Program	17.264	405	-	337,385
<b>United States Department of Education</b>				
Education Stabilization Fund:				
Higher Education Emergency Relief Fund - Student Aid Portion	84.425			
Higher Education Emergency Relief Fund - Institutional Portion	COVID-19, 84.425E	N/A	-	177,236
Higher Education Emergency Relief Fund - FIPSE	COVID-19, 84.425F	N/A	-	324,076
Higher Education Emergency Relief Fund - FIPSE	COVID-19, 84.425N	N/A	-	120,155
Florida Department of Education:				
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	-	1,263,832
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	124	-	5,011,596
Total Education Stabilization Fund	84.425		-	6,896,895

(Continued)

**Collier County District School Board  
Schedule of Expenditures of Federal Awards (Continued)  
For the Fiscal Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
<b>Not Clustered (Continued)</b>				
<b>United States Department of Education (Continued):</b>				
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	\$ -	\$ 888,471
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	-	11,157,597
Migrant Education - State Grant Program	84.011	217	-	3,892,195
Career and Technical Education - Basic Grants to States	84.048	161	-	707,136
Education for Homeless Children and Youth	84.196	127	-	116,206
Charter Schools	84.282	298	92,223	92,223
COVID-19 Charter Schools	COVID-19, 84.282	298	39,160	39,160
Total Charter Schools			<u>131,383</u>	<u>131,383</u>
English Language Acquisition State Grants	84.365	102	-	1,122,851
Supporting Effective Instruction State Grants	84.367	224	-	1,744,459
Title I School Improvement Grants	84.377	126	-	413,344
Student Support and Academic Enrichment Program	84.424	241	-	687,159
<b>Total United States Department of Education</b>			<u>131,383</u>	<u>27,757,696</u>
<b>United States Department of Health and Human Services</b>				
Head Start	93.600	N/A	-	3,308,636
COVID-19 Head Start	COVID-19, 93.600	N/A	-	359,908
Total Head Start			<u>-</u>	<u>3,668,544</u>
<b>United States Department of Homeland Security</b>				
Florida Division of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0750	-	61,040
<b>Total Expenditures of Federal Awards</b>			<u>\$ 131,383</u>	<u>\$ 67,094,170</u>

The notes below are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Collier County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance – National School Lunch Program. Includes \$1,330,751 of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Head Start. Expenditures include \$3,668,544 for grant number/program year 04CH011014/02.
- (6) COVID-19 National School Lunch Program. The District incurred \$620,739 in expenditures for the National School Lunch Program grant in the 2019-20 fiscal year.



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Collier County District School Board as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 27, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material

misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
January 27, 2022



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### Report on Compliance for Each Major Federal Program

We have audited the Collier County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2021. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

### *Management's Responsibility*

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards 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 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). 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 fiscal year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

District management 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 the types of requirements that could have a direct and material effect on each 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 a combination of deficiencies, in internal control over compliance, such that there is a 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.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
January 27, 2022

# **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

## **SECTION I – SUMMARY OF AUDITOR’S RESULTS**

### **Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

### **Federal Awards**

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal programs:	
Assistance Listing Numbers:	Name of Federal Program or Cluster:
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.011	Migrant Education – State Grant Program
84.425	Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$2,012,825
Auditee qualified as low risk auditee?	No

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters are reported.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters are reported.

## ***PRIOR AUDIT FOLLOW-UP***

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There were no prior financial statement or Federal award findings requiring follow-up.

## ***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

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The District did not have prior audit findings required to be reported under 2 CFR 200.511.