STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2021-181
March 2021

SANTA FE COLLEGE

For the Fiscal Year Ended
June 30, 2020

Sherrill F. Norman, CPA
Auditor General

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 Michelle Williams, and the audit was supervised by Denita K. Tyre, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

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SANTA FE COLLEGE

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SUMMARY

Summary of Report on Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2020. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

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

Audit Methodology

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

Sherrill F. Norman, CPA
Auditor General

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

Report on the Financial Statements

We have audited the accompanying financial statements of Santa Fe College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Santa Fe College and of its discretely presented component unit as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of Changes in the College's Total Other Postemployment Benefits Liability and Related Ratios**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of College Contributions – Florida Retirement System Pension Plan**, **Schedule of the College's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of College Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of the Santa Fe College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Santa Fe College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2020, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of College management. The MD&A contains financial activity of the College and the Florida College System Risk Management Consortium (Consortium) for the fiscal years ended June 30, 2020, and June 30, 2019, and the College's component unit, the Santa Fe College Foundation, Inc., for the fiscal years ended December 31, 2019, and December 31, 2018. To better distinguish the activities of the College and Consortium within the primary government, the financial information relating to the Consortium is separately identified.

FINANCIAL HIGHLIGHTS

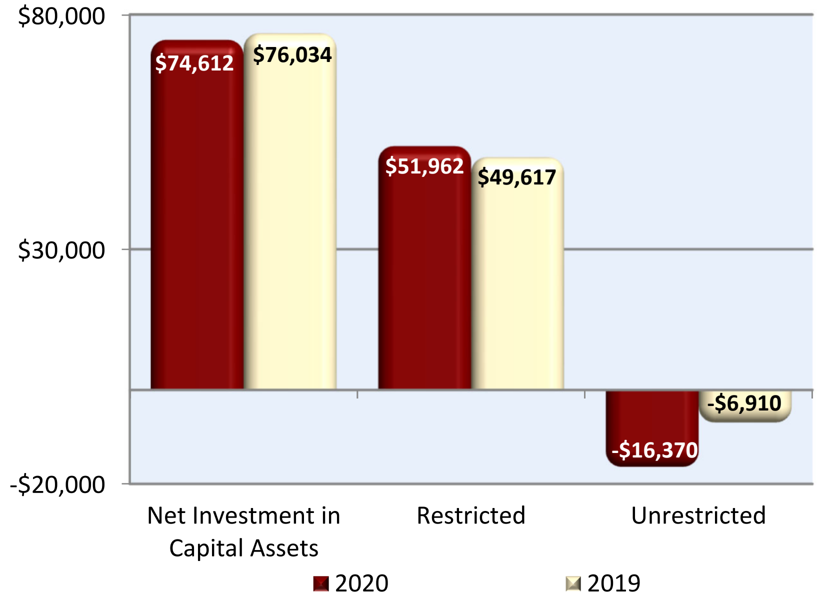
The College's assets totaled $168.7 million at June 30, 2020. This balance reflects a $2.9 million, or 1.7 percent, decrease as compared to the 2018-19 fiscal year, resulting primarily from a decrease in accounts receivable ($38 thousand); a decrease in the amount due from other governmental agencies ($1.7 million); a decrease in capital assets ($2.1 million); an increase in cash and cash equivalents ($625 thousand); and an increase in investments ($372 thousand). Deferred outflows of resources at June 30, 2020, totaled $16.3 million, a decrease of $1.6 million, or a 9.2 percent decrease over the prior year. While assets declined, liabilities increased by $4.5 million, 6.8 percent, totaling $70.7 million at June 30, 2020, primarily from increased net pension liabilities ($3.7 million); increased compensated absences payable ($272 thousand); increased other postemployment benefits payable ($417 thousand); and decreased bonds payable ($695 thousand). Deferred inflows of resources at June 30, 2020, totaled $4 million, a decrease of $542 thousand, or an 11.9 percent decrease over the prior year. As a result, the College's net position decreased by $8.5 million, resulting in a year-end balance of $110.2 million.

The College's operating revenues totaled $32.9 million for the 2019-20 fiscal year, representing a 10.8 percent decrease compared to the 2018-19 fiscal year due mainly to a decrease in net student tuition and fees ($1.7 million), a decrease in grants and contracts ($25 thousand), a decrease in sales and services of educational departments ($272 thousand), and a decrease in auxiliary enterprises ($1.9 million). Operating expenses totaled $120.7 million for the 2019-20 fiscal year, representing an increase of 2.5 percent as compared to the 2018-19 fiscal year due mainly to an increase in personnel services ($2.4 million), scholarship and waivers ($471 thousand), contractual services ($234 thousand), and materials and supplies ($2.3 million), and offset with a decrease in depreciation expense ($356 thousand), other services and expenses ($1.9 million), and utilities and communications ($225 thousand).

Net position represents the residual interest in the College's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The College's comparative total net position by category for the fiscal years ended June 30, 2020, and June 30, 2019, is shown in the following graph:

Net Position

(In Thousands)



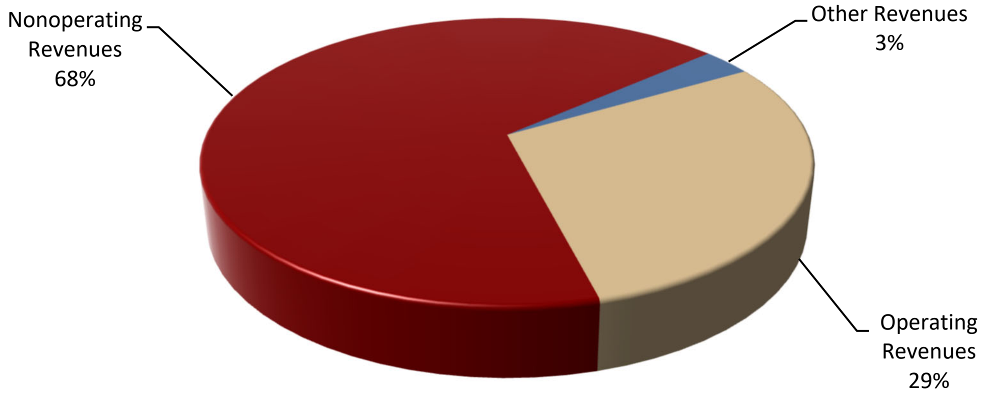
The College's net investment in capital assets represents capital assets, net of accumulated depreciation and outstanding debt principal attributable to the acquisition, construction, or improvement of those assets. The $1.4 million, or 1.9 percent, decrease in net investment in capital assets compared to the prior fiscal year was primarily due to the greater amount of depreciation expense over the amount of additions to capital assets during the 2019-20 fiscal year.

Restricted net position is subject to externally imposed restriction governing their use. The increase in restricted net position of $2.3 million, or 4.7 percent, was primarily due to the increase in the amount of restricted expendable capital funding for the construction of new facilities as well as the renovation and remodeling of existing structures. Variances from year to year for capital funding are expected based on the methods the State legislature uses to allocate capital appropriations. Therefore, this portion of the restricted net position will continue to fluctuate each year.

Unrestricted net position is not subject to externally imposed restrictions. The College reports liabilities for accrued leave, postemployment healthcare and life insurance benefits, and the College's proportionate share of the net pension liability for the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) pension plans, totaling $55.5 million; however, State appropriations fund only the portion of accrued leave and postemployment benefits that are paid in the current fiscal year (see the notes to the financial statements for further details).

As more fully described in the Operating Expenses and the Revenues sections which follow, College revenues and other support exceeded expenses in the fiscal year ending June 30, 2020. The following chart provides a graphical presentation of College revenues by category for the 2019-20 fiscal year:

Total Revenues
2019-20 Fiscal Year



Annual State appropriations are classified as nonoperating revenues according to generally accepted accounting principles, although State-appropriated funds are used to support the operations of the College. Nonoperating revenues included State noncapital appropriations, Federal Pell Grant revenue, State scholarship revenue, revenues received from agreements between local school boards and the College for high school programs, and investment income all of which supported the operating expenses of the College. Operating revenues, comprising 29 percent of total revenues, consisted primarily of student tuition and fees, grants and contracts, sales and services of educational departments, and auxiliary enterprises. Other revenues, comprising of 3 percent of total revenues, consist of State capital appropriations and capital grants, contracts, gifts, and fees designated for capital projects.

The component unit revenues exceeded expenses during the 2019 calendar year, resulting in an increase in net position of $9.2 million, compared to a $28 thousand decrease in the prior year. The net position increase during the 2019 calendar year was primarily due to net investment income gain ($6.4 million) and additions to endowment principal ($3.8 million) offset with a net operating loss ($966 thousand).

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, provide information on the College as a whole, present a long-term view of the College's finances, and include the activities of the following entities:

Primary Government

- Santa Fe College (College) – Most of the programs and services general associated with a college fall into this category, including instruction, public service, and support services.
- Florida College System Risk Management Consortium (Consortium), a Statewide college system risk management program – Although legally separate, the College is the fiscal administrator for the program and is required to report certain financial activities to the State of Florida. The

required financial information reported includes the assets of cash and cash equivalents and investments, with a corresponding liability representing that the assets are held in custody by the College for the Consortium.

Component Unit

- Santa Fe College Foundation, Inc. (Component Unit) – Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida.

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

One of the most important questions asked about the College's finances is, "Is Santa Fe College, as a whole, better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as Santa Fe College's operating results.

These two statements report Santa Fe College's net position and changes in them. You can think of the College's net position (assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources) as one way to measure the College's current financial health, or financial position. Over time, increases or decreases in the College's net position are one indication of whether its financial health is improving or deteriorating. You need to consider many other nonfinancial factors, such as certain trends, student retention, condition of the buildings, and safety of the campus, to assess the College's overall financial health.

These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account when earned or incurred, regardless of when cash is received or paid.

A condensed statement of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College, Consortium, and its component unit for the respective fiscal years are shown in the following table:

Condensed Statement of Net Position at June 30

(In Thousands)

	Primary Government				Component Unit	
	College		Consortium (1)			
	6-30-20	6-30-19	6-30-20	6-30-19	12-31-19	12-31-18
Assets						
Current Assets	$ 41,934	$ 47,819	$ 78,743	$ 64,283	$ 22,218	$ 15,352
Capital Assets, Net	80,562	82,679	-	-	8,478	8,805
Other Noncurrent Assets	46,167	41,084	20,229	19,259	27,884	26,763
Total Assets	168,663	171,582	98,972	83,542	58,580	50,920
Deferred Outflows of Resources	16,258	17,912	-	-	-	-
Liabilities						
Current Liabilities	11,158	10,640	78,743	64,283	76	117
Noncurrent Liabilities	59,565	55,577	20,229	19,259	342	392
Total Liabilities	70,723	66,217	98,972	83,542	418	509
Deferred Inflows of Resources	3,994	4,536	-	-	686	2,152
Net Position						
Net Investment in Capital Assets	74,612	76,034	-	-	8,478	8,805
Restricted	51,962	49,617	-	-	47,447	37,961
Unrestricted	(16,370)	(6,910)	-	-	1,551	1,493
Total Net Position	$ 110,204	$ 118,741	$ -	$ -	$ 57,476	$ 48,259
Increase (Decrease) in Net Position	$ (8,537)	-7.2%	$ -		$ 9,217	19.1%

(1) The financial information reported for the Consortium includes the assets of restricted cash and cash equivalents and investments with a corresponding liability representing that the assets are held in custody by the College for the Consortium.

Revenue and expenses of the College and its component unit (the College does not include operating results of the Consortium in its statements) for the respective fiscal years ended are shown in the following table:

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

(In Thousands)

	College		Component Unit	
	6-30-20	**6-30-19**	**12-31-19**	**12-31-18**
Operating Revenues				
Student Tuition and Fees, Net of Scholarship Allowances	$ 26,368	$ 28,090	$ -	$ -
Federal Grants and Contracts	3,727	3,946	-	-
State and Local Grants and Contracts	572	382	-	-
Nongovernmental Grants and Contracts	296	292	616	973
Sales and Services of Educational Departments	735	1,007	-	-
Auxiliary Enterprises	863	2,794	-	-
Other Operating Revenues	294	326	749	756
Total Operating Revenues	32,855	36,837	1,365	1,729
Less, Operating Expenses	120,721	117,743	2,331	2,359
Operating Loss	(87,866)	(80,906)	(966)	(630)
Nonoperating Revenues (Expenses)				
State Noncapital Appropriations	44,883	46,023	-	-
Federal and State Grants	25,857	23,474	-	-
Gifts, Grants, and Contracts	1,900	2,109	-	-
Other Nonoperation Revenues (Expenses), Net	3,210	2,658	6,407	(1,126)
Net Nonoperating Revenues (Expenses)	75,850	74,264	6,407	(1,126)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(12,016)	(6,642)	5,441	(1,756)
State Capital Appropriations	409	6,389	-	-
Endowment Principal Additions	-	-	3,756	1,746
Capital Grants, Contracts, Gifts, and Fees	3,070	3,059	-	-
Other Revenues (Expenses)	-	-	20	(18)
Net Increase (Decrease) In Net Position	(8,537)	2,806	9,217	(28)
Net Position, Beginning of Year	118,741	115,935	48,259	48,287
Net Position, End of Year	$ 110,204	$ 118,741	$ 57,476	$ 48,259

Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value. Certain revenue sources that the College relies on to provide funding for operations, including State appropriations, certain grants, and investment income, are defined by GASB as nonoperating. College net revenues decreased by $8.4 million, or 6.9 percent, as compared to the prior fiscal year as a result of the following factors:

Operating Revenues:

- Net student tuition and fee revenue decreased by $1.7 million, or 6.1 percent, as a result of a decrease in enrollment and an increase in the scholarship allowance.
- Grants and contracts decreased by $25 thousand, or less than 1 percent, primarily due to a decrease in Federal grants and contracts.
- Auxiliary enterprise revenue decreased by $1.9 million, or 69.1 percent, as a result of the College's discontinuation of the interlocal agreement with the City of Gainesville for management services of the Gainesville Technology Entrepreneurship Center Incubator.

Nonoperating and Other Revenues and Grants:

- State noncapital appropriations decreased by $1.1 million, or 2.5 percent, primarily due to decreased funding in Florida College System Performance Funding.
- Federal and State student financial aid increased by $2.4 million, or 10.2 percent, due primarily to increases in Federal and State program scholarship funds.
- Other gifts, grants, and contracts decreased by $209 thousand, or 9.9 percent, as a result of a slight decrease in enrollment by dual enrolled students.
- Investment income increased by $552 thousand, or 20.8 percent, principally due to an increase in unrealized gain on investments and interest earned.
- State capital appropriations decreased by $6 million, or 93.6 percent. This was due to decreased Public Education Capital Outlay funding from the prior fiscal year.
- Capital grants, contracts, gifts, and fees increased by $11 thousand, or less than 1 percent, primarily due an increase in the donation of noncash items.

Component unit net revenues increased by $9.2 million, or 395.4 percent, as compared to the prior fiscal year as a result of the following factors:

- Operating revenues decreased $364 thousand, or 21.1 percent, primarily from decreased cash contributions.
- Other nonoperating revenues increased by $7.5 million, or 669 percent, mainly from unrealized gains on securities and real estate investments.
- Endowment principal additions increased $2 million, or 115.1 percent, as a result of an increase in amounts designated by donors to be placed in permanent endowments.

Expenses

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

The following summarizes operating expenses by natural classification for the College (none are reported for the Consortium) and its component unit for the respective fiscal years ended:

Operating Expenses
For the Fiscal Years Ended

(In Thousands)

	College		Component Unit	
	6-30-20	**6-30-19**	**12-31-19**	**12-31-18**
Personnel Services	$ 71,553	$ 69,162	$ -	$ -
Scholarships and Waivers	17,665	17,194	983	912
Utilities and Communications	2,326	2,551	-	-
Contractual Services	5,817	5,583	-	-
Other Services and Expenses	5,535	7,389	983	1,086
Materials and Supplies	12,890	10,573	-	-
Depreciation	4,935	5,291	365	361
Total Operating Expenses	$ 120,721	$ 117,743	$ 2,331	$ 2,359

College total operating expenses increased by $3 million, or 2.5 percent, as compared to the prior fiscal year as a result of the following factors:

- The College implemented part of the salary equity study that was performed for full-time and part-time personnel, as well as provided a 2 percent cost of living adjustment. These increases were offset with the recording of a net increase of pension and accrued leave liabilities totaling $4.4 million. As a result, personnel services only increased by $2.4 million, or 3.5 percent, from the prior fiscal year.
- Scholarship and waivers provided to students increased by $471 thousand, or 2.7 percent, primarily due to an increase in Florida's Bright Futures scholarship and scholarship allowances accompanied by an increase in Federal Pell grants. Scholarship expenses, similar to tuition and fee revenue, are also shown net of scholarship allowances (amounts received from other than students and third-party payers).
- Utilities and communications decreased by $225 thousand, or 8.8 percent, primarily due to the closure of campus due to COVID-19, which resulted in a decrease in electricity and gas expenses.
- Contractual services increased by $234 thousand, or 4.2 percent, primarily due to an increase in contractual and technology services.
- Other services and expenses decreased by $1.9 million, or 25.1 percent, primarily due to a decrease in bad debt expense associated with the leases of managed space.
- Materials and supplies increased by $2.3 million, or 21.9 percent, which is attributable primarily to the renovation of the E Auditorium.
- Depreciation expense decreased by $356 thousand, or 6.7 percent, as a result of several buildings and equipment reaching full amortization.

Total operating expenses for the component unit decreased $28 thousand, or 1.2 percent, primarily due to the decrease in academic program support expenses offset by increases in scholarships and waivers.

The Statement of Cash Flows

The statement of cash flows provides information about the College's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the College's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the College. Cash flows from capital and related financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes the College's and Consortium's cash flows for the 2019-20 and 2018-19 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	College		Consortium	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Cash Provided (Used) by:				
Operating Activities	$ (77,104)	$ (74,701)	$ 15,785	$ (2,020)
Noncapital Financing Activities	72,646	71,592	-	-
Capital and Related Financing Activities	1,867	795	-	-
Investing Activities	3,215	2,683	(950)	(859)
Net Increase (Decrease) in Cash and Cash Equivalents	624	369	14,835	(2,879)
Cash and Cash Equivalents, Beginning of Year	63,860	63,491	63,398	66,277
Cash and Cash Equivalents, End of Year	$ 64,484	$ 63,860	$ 78,233	$ 63,398

The College's cash and cash equivalents increased during the 2019-20 fiscal year. The following discussion amplifies the overview of cash flows:

- Cash outflows for operating activities increased $2.4 million as compared to the prior fiscal year. The primary components of this change were decreases in cash inflows from student tuition and fees ($1.5 million), grants and contracts ($557 thousand), and auxiliary enterprises ($1.9 million); in addition to increases in payments to suppliers ($581 thousand) and payments for scholarships ($471 thousand) offset by decreases in payments for utilities and communications ($225 thousand), for salaries and benefits ($1.1 million), and other payments ($1.5 million).
- The primary sources of cash inflows in noncapital financing activities are State noncapital appropriations ($44.9 million) and Federal and State student financial aid ($25.9 million). Cash inflows from noncapital financing increased $1.1 million, as compared to the prior fiscal year, predominately due to a decrease in State noncapital appropriations ($1.1 million) and an increase in Federal and State student financial aid ($2.4 million).
- The primary sources of cash inflows of capital and related financing activities are State capital appropriations ($2.6 million) and capital grants and gifts ($3 million). Net cash inflows for capital and related financing activities increased $1.1 million as compared to the prior fiscal year, primarily due to an increase in State capital appropriations ($700 thousand) and purchase of capital assets ($398 thousand).
- Cash inflows for investing activities of the College increased by $532 thousand primarily due to an increase in investment income net of realized and unrealized capital gains and losses.

Capital Assets

At June 30, 2020, the College had $206 million in capital assets, less accumulated depreciation of $125.4 million, for net capital assets of $80.6 million. Depreciation charges for the current fiscal year totaled $4.9 million. The following table summarizes the College's capital assets activity for the fiscal year ended June 30, 2020:

Capital Assets, Net at June 30: College

(In Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 7,104	$ -	$ -	$ 7,104
Artwork and Artifacts	18	-	-	18
Buildings	149,183	-	-	149,183
Other Structures and Improvements	35,635	730	-	36,365
Furniture, Machinery, and Equipment	10,958	834	765	11,027
Construction in Progress	1,005	1,984	730	2,259
Total	203,903	3,548	1,495	205,956
Less, Accumulated Depreciation:				
Buildings	80,159	3,255	-	83,414
Other Structures and Improvements	31,865	687	-	32,552
Furniture, Machinery, and Equipment	9,200	993	765	9,428
Total Accumulated Depreciation	121,224	4,935	765	125,394
Capital Assets, Net	$ 82,679	$ (1,387)	$ 730	$ 80,562

The component unit had $14.9 million in capital assets, less accumulated depreciation of $6.5 million, for net capital assets of $8.4 million. Depreciation charges for the current fiscal year totaled $365 thousand. Details of the component unit's capital assets activity for the fiscal year ended December 31, 2019, are shown in the following table:

Capital Assets, Net at December 31: Component Unit

(In Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 2,606	$ -	$ -	$ 2,606
Art Collection	655	20	-	675
Equipment	4	-	-	4
Buildings and Improvements	10,630	17	-	10,647
Film Costs (Depreciable)	1,004	1	-	1,005
Total	14,899	38	-	14,937
Less, Accumulated Depreciation	6,094	365	-	6,459
Capital Assets, Net	$ 8,805	$ (327)	$ -	$ 8,478

Additional information about the College's and its component unit's capital assets is presented in the notes to financial statements.

Debt Administration

As of June 30, 2020, the College had $5.9 million in outstanding capital improvement bonds payable versus $6.6 million at the end of the prior fiscal year, representing a decrease of $695 thousand, or 8.2 percent from the prior fiscal year. Proceeds from bonds were used to construct and renovate College facilities.

Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The College's economic condition is closely tied to that of the State of Florida. Because of negative economic growth linked to the COVID-19 pandemic and increased demand for State resources, the prospect of decreased State funding is anticipated in the 2020-21 fiscal year. The College's current financial and capital plans indicate that there are adequate financial resources to maintain its present level of services in the short-term. The College expects to revise its budgets based upon student tuition and State resources available to fund operations in the next fiscal year.

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

The component unit's reliance on charitable giving is also affected by the general state of the economy as well as by the health of the stock market and prospective donors' perception of the benefiting organization. Toward this latter factor, the College has historically enjoyed a very positive reputation in the communities it serves. While economic factors do affect charitable giving in general, the Foundation has a history of very steady growth regardless of changes in these factors.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Administrative Affairs/CFO, Santa Fe College, 3000 Northwest 83rd Street, Gainesville, Florida 32606.

SANTA FE COLLEGE
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2020

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 22,662,669	$ 11,067
Restricted Cash and Cash Equivalents	3,983,360	1,060,014
Investments	783,873	316,800
Restricted Investments	-	20,799,569
Accounts Receivable, Net	992,572	30,598
Due from Other Governmental Agencies	13,156,599	-
Due from Component Unit	8,910	-
Inventories	100,955	-
Prepaid Expenses	153,357	-
Deposit Receivable	90,956	-
Risk Management Consortium:		
Restricted Cash and Cash Equivalents	78,232,412	-
Restricted Investments	510,768	-
Total Current Assets	120,676,431	22,218,048
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	37,839,247	-
Investments	8,327,653	1,218,949
Restricted Investments	-	7,110,869
Endowment Investments	-	19,553,828
Depreciable Capital Assets, Net	71,179,105	5,193,228
Nondepreciable Capital Assets	9,382,574	3,285,027
Risk Management Consortium:		
Restricted Deposit	2,680,289	-
Restricted Investments	17,548,967	-
Total Noncurrent Assets	146,957,835	36,361,901
TOTAL ASSETS	267,634,266	58,579,949
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	15,811,487	-
Other Postemployment Benefits	446,723	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,258,210	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,501,514	8,186
Salary and Payroll Taxes Payable	4,702,434	-
Retainage Payable	84,747	-
Due to Other Governmental Agencies	26,712	-
Unearned Revenue	1,345,102	-
Annuity Trust Obligations	-	68,221
Deposits Held for Others	1,644,799	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	730,000	-
Compensated Absences Payable	816,558	-
Other Postemployment Benefits Payable	92,653	-
Net Pension Liability	213,429	-
Risk Management Consortium:		
Deposits Held for Others	78,743,180	-
Total Current Liabilities	89,901,128	76,407

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	5,220,000	-
Compensated Absences Payable	9,163,488	-
Other Postemployment Benefits Payable	1,650,191	-
Net Pension Liability	43,530,965	-
Other Noncurrent Liability	-	341,622
Risk Management Consortium:		
Deposits Held for Others	20,229,256	-
Total Noncurrent Liabilities	79,793,900	341,622
TOTAL LIABILITIES	169,695,028	418,029
DEFERRED INFLOWS OF RESOURCES		
Pensions	3,940,803	-
Other Postemployment Benefits	52,851	-
Deferred Amounts Related to Irrevocable Split-Interest Agreements	-	686,365
TOTAL DEFERRED INFLOWS OF RESOURCES	3,993,654	686,365
NET POSITION		
Net Investment in Capital Assets	74,611,679	8,478,255
Restricted:		
Nonexpendable:		
Endowment	-	33,602,844
Expendable:		
Grants	1,449,941	-
Loans	563,036	-
Scholarships	-	4,107,515
Capital Projects	49,949,392	-
Other	-	9,736,763
Unrestricted	(16,370,254)	1,550,178
TOTAL NET POSITION	$ 110,203,794	$ 57,475,555

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

SANTA FE COLLEGE
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $10,003,514	$ 26,368,345	$ -
Federal Grants and Contracts	3,726,711	-
State and Local Grants and Contracts	572,410	-
Nongovernmental Grants and Contracts	296,416	615,825
Sales and Services of Educational Departments	735,283	-
Auxiliary Enterprises	862,666	-
Other Operating Revenues	293,996	748,540
Total Operating Revenues	32,855,827	1,364,365
EXPENSES		
Operating Expenses:		
Personnel Services	71,553,361	-
Scholarships and Waivers	17,665,236	982,380
Utilities and Communications	2,325,711	-
Contractual Services	5,816,554	-
Other Services and Expenses	5,534,555	983,424
Materials and Supplies	12,890,436	-
Depreciation	4,935,099	365,108
Total Operating Expenses	120,720,952	2,330,912
Operating Loss	(87,865,125)	(966,547)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	44,883,077	-
Federal and State Student Financial Aid	25,856,068	-
Gifts, Grants, and Contracts	1,899,400	-
Investment Income	3,540,583	6,407,314
Gain on Disposal of Capital Assets	1,850	-
Other Nonoperating Expenses	(332,250)	-
Net Nonoperating Revenues	75,848,728	6,407,314
Income (Loss) Before Other Revenues	(12,016,397)	5,440,767
State Capital Appropriations	409,200	-
Capital Grants, Contracts, Gifts, and Fees	3,070,022	-
Endowment Principal Additions	-	3,755,838
Other Revenues	-	20,350
Total Other Revenues	3,479,222	3,776,188
Increase (Decrease) in Net Position	(8,537,175)	9,216,955
Net Position, Beginning of Year	118,740,969	48,258,600
Net Position, End of Year	$ 110,203,794	$ 57,475,555

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

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SANTA FE COLLEGE
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2020

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 26,304,209
Grants and Contracts	4,163,401
Payments to Suppliers	(24,238,776)
Payments for Utilities and Communications	(2,325,711)
Payments to Employees	(52,181,902)
Payments for Employee Benefits	(13,716,619)
Payments for Scholarships	(17,665,238)
Auxiliary Enterprises	863,210
Sales and Services of Educational Departments	735,283
Other Receipts	958,229
Risk Management Consortium:	
Other Receipts	15,784,782
Net Cash Used by Operating Activities	(61,319,132)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	44,883,077
Federal and State Student Financial Aid	25,856,068
Federal Direct Loan Program Receipts	15,155,583
Federal Direct Loan Program Disbursements	(15,147,951)
Gifts, Grants, and Contracts	1,899,400
Net Cash Provided by Noncapital Financing Activities	72,646,177
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	2,589,300
Capital Grants and Gifts	3,035,372
Proceeds from Sale of Capital Assets	1,850
Purchases of Capital Assets	(2,731,843)
Principal Paid on Capital Debt and Leases	(695,000)
Interest Paid on Capital Debt and Leases	(332,250)
Net Cash Provided by Capital and Related Financing Activities	1,867,429
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	8,062,621
Purchases of Investments	(7,158,567)
Investment Income	2,311,552
Risk Management Consortium:	
Proceeds from Sales and Maturities of Investments	12,120,660
Purchases of Investments	(13,070,962)
Net Cash Provided by Investing Activities	2,265,304
Net Increase in Cash and Cash Equivalents	15,459,778
Cash and Cash Equivalents, Beginning of Year	127,257,910
Cash and Cash Equivalents, End of Year	$ 142,717,688

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (87,865,125)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	4,935,099
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(9,293)
Due from Other Governmental Agencies	(422,410)
Due from Component Unit	206
Inventories	(5,275)
Deposits Receivable	8,044
Prepaid Expenses	(8,317)
Accounts Payable	442,208
Salary and Payroll Taxes Payable	126,336
Due to Other Governmental Agencies	14,867
Unearned Revenue	(64,232)
Deposits Held for Others	215,475
Compensated Absences Payable	272,016
Other Postemployment Benefits Payable	416,536
Net Pension Liability	3,728,154
Deferred Outflows of Resources Related to Other Postemployment Benefits	(359,573)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(8,573)
Deferred Outflows of Resources Related to Pensions	2,013,505
Deferred Inflows of Resources Related to Pensions	(533,561)
Risk Management Consortium:	
Restricted Deposit	354,734
Deposits Held for Others	15,430,047
NET CASH USED BY OPERATING ACTIVITIES	$ (61,319,132)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized losses on investments were recognized as a reduction to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (1,276,473)
Donation of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 37,000

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

Reported within the College's financial statements are certain assets and liabilities of the Florida College System Risk Management Consortium (Consortium). The College is the fiscal agent for the Consortium, which is the administrator of an Employee Benefit Plan and a Property and Casualty Plan for participating Florida colleges. As fiscal agent, the College is responsible for receiving, disbursing, and administering all moneys due to or payable from the Consortium and for personnel functions (hiring, records maintenance, etc.) of the Consortium. The financial information reported for the Consortium includes restricted cash and cash equivalents, restricted deposits, and restricted investments with a corresponding liability representing that the assets are held in custody by the College for the Consortium. Annual audits of the Consortium and its financial activities are conducted by independent certified public accountants and are available at the College.

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

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, the Santa Fe College Foundation, Inc. (Foundation), a legally separate entity, is included within the College's reporting entity as a discretely presented component unit and is governed by a separate board.

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

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public and can be obtained from the Vice President for Advancement, Santa Fe College, 3000 NW 83rd Street, Gainesville, Florida 32606. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended December 31, 2019.

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

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

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

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

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College identifies within its accounting system amounts paid for tuition and fees from grants, loans, or others providing financial aid sources. The total amount of these payments is deducted from student tuition and fees.

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

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

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

At June 30, 2020, the College and Consortium reported as cash equivalents at fair value $60,332,324 and $75,180,823, respectively, in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as discussed in Note 4.). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 0.43 years and fair value factor of 1.0291 at June 30, 2020. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balance. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury SPIA investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

At June 30, 2020, the College and Consortium reported as cash equivalents $2,101,848 and $11,288, respectively, in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 53 days as of June 30, 2020. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

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

Capital Assets. College capital assets consist of land, artwork and artifacts, construction in progress, buildings, other structures and improvements, and furniture, machinery, and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of $5,000 for tangible personal property and $25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:

- Computer Equipment – 3 years
- Vehicles, Office Machines, and Educational Equipment – 5 years
- Furniture, Pianos – 7 years

Capital Assets – Component Unit. Property and equipment acquisitions of the College's component unit are recorded at cost, if purchased. Contributed property and equipment are recorded at estimated value, as determined by the donor or the component unit, at the date of receipt. Capitalized assets have a useful life greater than 1 year and an original cost of $500 or greater. Buildings and equipment are depreciated using the straight-line method, based on a 40-year useful life for buildings, 5 to 7 years' useful life for equipment, and 10 years for film production costs.

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

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

2. Deficit Net Position in Individual Funds

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

Fund	Net Position
Current Funds - Unrestricted	$ (24,088,945)
Auxiliary Funds	7,718,691
Total	$ (16,370,254)

3. Restricted Deposits

The Consortium has restricted deposits of $2,680,289 held by third-party administrators for workers' compensation insurance claims, pursuant to collateral agreements. Although the Consortium is required to reimburse the administrators for claims paid, the administrators are authorized to use the collateral to pay any and all of the Consortium's obligations owed under the agreements.

4. Investments

College and Consortium

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

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

The general investment policy of both the College and the Consortium is to apply the prudent person rule: investments are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment. In addition to the investments allowed b Section 218.415(6), Florida Statutes, the investment policies of the College and the Consortium authorize investments in repurchase agreements, corporate notes, and money market instruments. The Consortium also includes asset-backed securities as an authorized investment.

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

All of the College's and the Consortium's recurring fair value measurements as of June 30, 2020, are valued using a matrix pricing model (Level 2 inputs), with the exception of United States Treasury Notes which are valued using quoted market prices (Level 1 inputs).

The College's and the Consortium's investments at June 30, 2020, are reported as follows:

Investments by fair value level - College	Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)
United States Treasury Notes	$ 4,032,409	$ 4,032,409	$ -
Obligations of United States Government and Government-Sponsored Enterprises	2,220,122	-	2,220,122
Commercial Paper	524,808	-	524,808
Corporate Notes	150,924	-	150,924
Federal Agency Collateralized Mortgage Obligations	1,194,599	-	1,194,599
Mortgage-Backed Pass-Throughs	922,511	-	922,511
Money Market Mutual Funds	66,153	-	66,153
Total investments by fair value level - College	9,111,526	4,032,409	5,079,117
Investments by fair value level - Consortium			
United States Treasury Notes	4,421,926	4,421,926	-
Obligations of United States Government and Government-Sponsored Enterprises	2,361,395	-	2,361,395
Corporate Notes	5,596,758	-	5,596,758
Federal Agency Collateralized Mortgage Obligations	1,175,012	-	1,175,012
Foreign Notes	2,334,471	-	2,334,471
Asset-Backed Securities	1,027,657	-	1,027,657
Mortgage-Backed Pass-Throughs	1,088,690	-	1,088,690
Money Market Mutual Funds	53,826	-	53,826
Total investments by fair value level - Consortium	18,059,735	4,421,926	13,637,809
Total investments by fair value level - College and Consortium	$ 27,171,261	$ 8,454,335	$ 18,716,926

Other Investments. The College and the Consortium invested in various debt and equity securities and money mutual funds. The following risks apply to College and Consortium investments:

Interest Rate Risk: Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. The investment policy of the College limits the maximum average duration of the investment portfolio to no greater than 120 percent of the target benchmarks' average duration. The College's benchmark is the Merrill Lynch 1-3 Year U.S. Treasury Index. The investment policy of the Consortium limits the maximum effective duration of the aggregate portfolio to 3 years. The performance benchmark for the Consortium is the Merrill Lynch 1-5 Year U.S. Treasury Index.

At June 30, 2020, the Merrill Lynch 1-3 and 1-5 Year U.S. Treasury Indexes' effective durations were 1.82 and 2.58 years, respectively. The effective duration of the College's and the Consortium's portfolios at June 30, 2019, were 1.83 and 2.70 years, respectively. Recognizing that market volatility is a function of duration, the investment policies of the College and the Consortium state that the portfolios are to be maintained as short- to intermediary-term duration portfolios. The maximum duration of floating rate and individual securities from date of purchase is 5 years for the College and 5.5 years for the Consortium. At June 30, 2020, the College and Consortium's longest individual security effective duration was 4.4 years and 4.89 years, respectively. Furthermore, the College's investment policy is designed to limit principal fluctuation so that no more than 20 percent of the portfolio has an effective duration greater than

3 years. An additional objective of the College is to provide sufficient liquidity and stability of principal so that no less than 10 percent of the portfolio has an effective duration of 1 year or less.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policies of the College provide for the following regarding credit risk:

- Repurchase agreements must be fully collateralized at 102 percent by United States Treasuries.
- Money market instruments including, but not limited to, commercial paper, time deposits, and banker's acceptances, at the time of purchase must, at a minimum, be rated "A1/P1" or the equivalent by Standard & Poor's and/or Moody's and all other nationally recognized credit rating organizations.
- Corporate bonds and notes must have at least an "AAA" rating by at least two of the following three credit rating organizations: Standard & Poor's, Moody's, or Fitch.
- Money market funds must be registered with the SEC with the highest credit quality rating from a nationally recognized rating company.
- A total quality rating of 8 or higher for the College must be maintained using the following scale:
    - United States Government Fully Guaranteed 10
    - Government-Sponsored Enterprises 9
    - "AAA" – Rated Securities 8
    - "AA" – Rated Securities 7
    - "A" – Rated Securities 6

As of June 30, 2020, using the above scale, the College's total quality rating was 9.31.

The investment policies of the Consortium provide the following regarding credit risk:

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity
U.S. Treasury		100%		
Government National Mortgage Association (GNMA)		40%		
Other U.S. Government Guaranteed; (e.g., Agency for International Development, Government Trust Certificates)	100%	10%	N/A	5.50 Years (5.50 Years avg. life[2] for GNMA)
Federal Agency/Government Sponsored Enterprise (GSE): Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal Farm Credit Banks		40%[3]		
Federal Agency/GSE other than those above	75%	10%	N/A	5.50 Years
Supranationals where U.S. is a shareholder and voting member		10%		5.50 Years
Supranationals other than those above	25%	5%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years
Foreign Sovereign Governments (Organization for Economic Cooperation and Development countries only) and Canadian Provinces	10%	5%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years
Foreign Sovereign Agencies (OECD countries only)	10%	5%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years
Corporates	50%[4]	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1, BBB/Baa or equivalent)	5.50 Years
Municipals	25%	5%	Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent)	5.50 Years
Agency Mortgage-Backed Securities (MBS)	25%	40%[3]	N/A	5.50 Years Avg. Life[2]
Asset-Backed Securities (ABS)	25%	5%	Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent)	5.50 Years Avg. Life[2]
Non-Negotiable Collateralized Bank Deposits or Savings Accounts	50%	None, if fully collateralized	None, if fully collateralized.	2 Years
Commercial Paper	50%[4]	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days
Bankers' Acceptances	10%[4]	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	180 Days
Repurchase Agreements	40%	20%	Counterparty (or if the counterparty is not rated by a Nationally Recognized Statistical Rating Organization (NRSRO), then the counterparty's parent) must be rated in the Highest ST Rating Category (A-1/P-1, or equivalent). If the counterparty is a Federal Reserve Bank, no rating is required	1 Year
Money Market Funds	50%	25%	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A
Fixed-Income Mutual Funds & Exchange-Traded Funds	20%	10%	N/A	N/A

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity
Intergovernmental Pools	50%	25%	Highest Fund Quality and Volatility Rating Categories by NRSROs who rate the fund (AAAm/AAAf, S1, or equivalent)	N/A

(1) Rating by at least one SEC-registered NRSRO, unless otherwise noted. ST=Short-term; LT=Long-term.

(2) The maturity limit for MBS and ABS is based on the expected average life at time of purchase, measured using Bloomberg or other industry standard methods.

(3) Maximum exposure to any on Federal agency, including the combined holdings of Agency debt and Agency ABS, is 40 percent.

(4) Maximum allocation to all corporate and bank credit instruments is 50 percent combined.

At June 30, 2020, the investments of the College and the Consortium in obligations of the United States Government and Government-sponsored enterprises, Federal agency collateralized mortgage obligations, corporate notes, mortgage-backed pass-throughs, commercial paper, foreign notes, asset-backed securities, and money market funds were rated by Standard & Poor's as follows:

Investment Type	Fair Value	Credit Quality Rating
College		
United States Treasury Notes	$ 4,032,409	N/A
Mortgage-Backed Pass-Throughs	$ 922,512	AA+
Federal Agency Collateralized Mortgage Obligations	$ 1,194,599	AA+
Obligations of United States Government and Government-Sponsored Enterprises	$ 2,220,122	AA+
Corporate Notes	$ 150,924	AAA
Commercial Paper	$ 524,808	A-1
Money Market Mutual Funds	$ 66,153	AAAm
Consortium		
United States Treasury Notes	$ 4,421,927	N/A
Mortgage-Backed Pass-Throughs	$ 1,088,690	AA+
Federal Agency Collateralized Mortgage Obligations	$ 1,175,013	AA+
Obligations of United States Government and Government-Sponsored Enterprises	$ 2,361,395	AA+
Corporate Notes	$ 5,596,758	A to BBB+
Foreign Notes	$ 2,334,471	A- to BBB+
Asset-Backed Securities	$ 1,027,657	NR to AAA
Money Market Mutual Funds	$ 53,826	AAAm

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments purchased on behalf of the College pursuant to Section 218.415, Florida Statutes, must be properly earmarked and: (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the College's interest in the security; (2) if in a book entry form, the investment must be held for the credit of the College by a depository chartered by the Federal Government, the State, or any other State or territory of the United States that has a branch or principal place of business in the State, or by a national association organized and existing under the laws of the United States that is authorized to accept and execute trusts and 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, must be immediately placed for safekeeping in a secured vault. Investment policies of the College and the Consortium require that all securities purchased be properly designated as an asset of the College or the Consortium and held in safekeeping by a third-party custodial bank or other third-party custodial institution. The College's and the Consortium's investments are held by a safekeeping agent in the name of the College or the Consortium.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the College's investment in a single issuer. The investment policies of the college and the Consortium provide that a maximum of 5 percent of the portfolio's individual corporate exposure may be invested in securities of a single issuer. The maximum corporate exposure at June 30, 2020, was as follows:

- College: 1.68%
- Consortium: 2.43%

Component Unit Investments.

Mutual Funds and Corporate Common Stocks are valued based on prices quoted in the active markets and are categorized as Level 1 in the fair value hierarchy. Corporate Preferred Stocks, Corporate Bonds, U.S. Federal Agency Bonds, and Municipal Bonds are valued using quoted prices for similar securities in active markets and are categorized as Level 2 in the fair value hierarchy. Real estate is valued using the capitalization rate to determine fair value and is categorized as Level 3 in the fair value hierarchy.

Investments held by the Foundation at December 31, 2019, were reported at fair value as follows:

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Mutual Funds	$ 53,692	$ 53,692	$ -	$ -
Corporate Common Stocks	16,969,417	16,969,417	-	-
Corporate Preferred Stocks	1,468,420	-	1,468,420	-
Corporate Bonds	24,175,603	-	24,175,603	-
U.S. Federal Agency Bonds	64,631	-	64,631	-
Municipal Bonds	536,290	-	536,290	-
Limited Partnerships	264,388	-	-	264,388
Real Estate	5,467,574	-	-	5,467,574
Total Component Unit Investments	$ 49,000,015	$ 17,023,109	$ 26,244,944	$ 5,731,962

There was $4,316,674 in unrealized appreciation in the fair value of investments during the year ended December 31, 2019. The carrying value of investments at December 31, 2019, includes all material changes in fair value, including both realized and unrealized gains and losses that occurred both during the current year and previous years.

The Foundation invested in various debt and equity securities. To smooth distributions from the aggregate portfolio, the Foundation uses the moving average method of determining year-to-year spending. This policy provides for a more consistent and predictable spending for programs and it allows the foundation to design an investment strategy that is more consistent with a higher expected average return over time. The following risks apply to the Foundation's investments:

Interest Rate Risk: The Foundation's investment policy does not limit debt obligation maturities. However, the Foundation manages its exposure to fair value losses arising from increasing interest rates through the segmented-time distribution method. The durations for the Foundation investments as of December 31, 2019, are as follows:

Maturities in Years	**% of Total Assets**	**Total**
Less than 1 Year	5.66%	$ 2,772,532
1 to 2	9.53%	4,668,008
3 to 5	12.56%	6,155,366
6 to 10	14.67%	7,188,100
11 to 15	5.01%	2,454,374
16 to 20	1.74%	851,286
21 Plus	2.24%	1,098,938
None	48.59%	23,811,411
Total	100.00%	$ 49,000,015

Credit Risk: The Foundation's investment policy limits investments to investment grade securities (BBB or higher) issued by banks, corporations, or the Federal Government. Those securities listed at below investment grade have been downgraded subsequent to purchase. In each case, the Foundation's Board of Directors, through the Finance Committee, has determined that the downgraded security has a reasonable expectation of recovery and has elected to maintain its position. The policy provides the 20 percent of the total investment in securities may be made in preferred corporate securities. Obligations of United States government agencies and instrumentalities, certificates of deposit, and domestic equities do not require disclosure of credit quality. The credit ratings, by nationally recognized rating agencies (e.g., Moody's Investors Service) of the portfolio held by the Foundation at December 31, 2019, was as follows:

Rating	% of Total Assets	Fair Value
Aaa/AAA	1.38%	$ 674,766
Aa/AA	5.25%	2,574,396
A/A	21.79%	10,677,675
Baa/BBB	20.94%	10,261,702
Below Investment Grade	2.41%	1,179,783
Total Rated	51.77%	25,368,322
Government Backed	0.00%	798
Corporate Stocks	35.71%	17,498,072
Mutual Funds	0.78%	379,537
Corporate Bonds	0.04%	21,324
Limited Partnerships	0.54%	264,388
Real Estate	11.16%	5,467,574
Total Non-Rated	48.23%	23,631,693
Total Investments	100.00%	$ 49,000,015

Custodial Credit Risk: The Foundation has no formal policy on custodial credit risk. However, all investments are insured, registered, or held in the Foundation's name by a custodial bank as an agent for the Foundation.

Concentration of Credit Risk: Composition of the Foundation's investment portfolio is limited by its investment policy, which restricts investment in any one issue to no more than 5 percent of the value of the portfolio. At December 31, 2019, no single issues represented more than 2 percent of the total portfolio value.

5. Accounts Receivable

Accounts receivable represent amounts for student fee deferments; Title IV Federal grant and State Bright Futures program repayments due from students; agency billings; investment income; and commissions and rent due from vendors under contract for food, vending, and bookstore operations. The receivables for students total $487,090 and are reported net of a $332,890 allowance for uncollectible student accounts. Other receivables are considered to be fully collectible.

6. Due From Other Governmental Agencies

The amount due from other governmental agencies primarily consists of $11,902,905 of Public Education Capital Outlay allocations due from the State for construction of College facilities and $939,376 of Federal grant allocations due from the Federal government primarily for the following grants:

- Adult and Family Literacy – U.S. Department of Education
- SF2UF: A New Bridges Baccalaureate Program – U.S. Department of Health and Human Services
- Louis Stokes Regional Center of Excellence – National Science Foundation
- Workforce Development – U.S. Department of Education
- Upward Bound – U.S. Department of Education

- Talent Search – U.S. Department of Education
- Perkins – U.S. Department of Education
- Innovative Product Development Center – U.S. Department of Commerce
- Title III-Part A – U.S. Department of Education

7. Due From Component Unit

The $8,910 reported as due from component unit includes the remaining amount owed to the College by the Foundation for contributed and matching funds. The College's financial statements are reported for the fiscal year ended June 30, 2020. The College's component unit's financial statements are reported for the calendar year ended December 31, 2019, and there is no amount reported as due to the College by the Foundation.

8. Capital Assets

Capital assets activity of the College for the fiscal year ended June 30, 2020, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 7,104,300	$ -	$ -	$ 7,104,300
Artwork and Artifacts	18,000	-	-	18,000
Construction in Progress	1,005,339	1,984,441	729,506	2,260,274
Total Nondepreciable Capital Assets	$ 8,127,639	$ 1,984,441	$ 729,506	$ 9,382,574
Depreciable Capital Assets:				
Buildings	$ 149,182,423	$ -	$ -	149,182,423
Other Structures and Improvements	35,635,468	729,506	-	36,364,974
Furniture, Machinery, and Equipment	10,957,430	833,752	765,421	11,025,761
Total Depreciable Capital Assets	195,775,321	1,563,258	765,421	196,573,158
Less, Accumulated Depreciation:				
Buildings	80,159,055	3,255,111	-	83,414,166
Other Structures and Improvements	31,865,096	687,490	-	32,552,586
Furniture, Machinery, and Equipment	9,200,224	992,498	765,421	9,427,301
Total Accumulated Depreciation	121,224,375	4,935,099	765,421	125,394,053
Total Depreciable Capital Assets, Net	$ 74,550,946	$ (3,371,841)	$ -	$ 71,179,105

Capital assets activity of the College's component unit for the fiscal year ended December 31, 2019, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 2,605,303	$ -	$ -	$ 2,605,303
Art Collection	654,998	20,351	-	675,349
Equipment	4,375	-	-	4,375
Total Nondepreciable Capital Assets	$ 3,264,676	$ 20,351	$ -	$ 3,285,027
Depreciable Capital Assets:				
Buildings and Improvements	$ 10,629,855	$ 17,793	$ -	10,647,648
Film Costs	1,004,142	503	-	1,004,645
Total Depreciable Capital Assets	11,633,997	18,296	-	11,652,293
Less, Accumulated Depreciation:				
Buildings and Improvements	5,228,164	268,909	-	5,497,073
Film Costs	865,791	96,201	-	961,992
Total Accumulated Depreciation	6,093,955	365,110	-	6,459,065
Total Depreciable Capital Assets, Net	$ 5,540,042	$ (346,814)	$ -	$ 5,193,228

9. Unearned Revenue

Unearned revenue at June 30, 2020, includes student tuition and fees, and grant and contract revenue received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2020, the College reported the following amounts as unearned revenue:

Description	Amount
Student Tuition and Fees	$ 1,324,997
Grant and Contract Revenue	20,105
Total Unearned Revenue	$ 1,345,102

10. Long-Term Liabilities

Long-term liabilities activity of the College for the fiscal year ended June 30, 2020, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 6,645,000	$ -	$ 695,000	$ 5,950,000	$ 730,000
Compensated Absences Payable	9,708,029	1,075,783	803,766	9,980,046	816,558
Other Postemployment Benefits Payable	1,326,308	503,686	87,150	1,742,844	92,653
Net Pension Liability	40,016,240	24,537,712	20,809,558	43,744,394	213,429
Total Long-Term Liabilities	$ 57,695,577	$ 26,117,181	$ 22,395,474	$ 61,417,284	$ 1,852,640

Bonds Payable. The SBA, Division of Bond Finance issues Capital Improvement Revenue Bonds on behalf of the College. These bonds are authorized by Article VII, Section 11(d) of the Florida Constitution;

Section 215.57 through 215.86 and Section 1009.23, Florida Statutes; and other applicable provisions of law. Principal and interest on these bonds are secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the Series 2018A participating colleges on a parity with any additional bonds issued subsequent to the Series 2018A bonds. The 2018A bonds were issued for the purpose of refunding the outstanding Series 2006A bonds. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. The Series 2018A bonds will share the lien of such additional bonds on the Series 2018A pledged revenues and on the revenues pledged by the colleges participating in such additional bonds.

The College had the following bonds payable at June 30, 2020:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To
Florida Department of Education			
Capital Improvement Revenue Bonds:			
Series 2018A	$ 5,950,000	5.00	2027

Annual requirements to amortize all bonded debt outstanding as of June 30, 2020, are as follows:

Fiscal Year Ending June 30	Capital Improvement Revenue Bonds Principal	Interest	Total
2021	$ 730,000	$ 297,500	$ 1,027,500
2022	770,000	261,000	1,031,000
2023	805,000	222,500	1,027,500
2024	845,000	182,250	1,027,250
2025	890,000	140,000	1,030,000
2026-2027	1,910,000	144,250	2,054,250
Total	$ 5,950,000	$ 1,247,500	$ 7,197,500

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2020, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $9,980,046. The current portion of the compensated absences liability, $816,558, is the amount expected to be paid in the coming fiscal year based upon the College's prior experience.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for OPEB administered by the Consortium.

General Information about the OPEB Plan

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the Consortium that provides OPEB for all employees who satisfy the College's retirement eligibility provisions. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's healthcare and life insurance coverage. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. Neither the College nor the Consortium issue a stand-alone annual report for the OPEB Plan and the OPEB Plan is not included in the annual report of a public employee retirement system or another entity. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. In addition to the implicit subsidy described above, the OPEB Plan also provides all retirees with $5,000 of life insurance benefits.

Employees Covered by Benefit Terms. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	51
Inactive Employees Entitled to But Not Yet Receiving Benefits	55
Active Employees	665
Total	771

Total OPEB Liability

The College's total OPEB liability of $1,742,844 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60 percent
Real Wage Growth	0.65 percent
Wage Inflation	3.25 percent
Salary increases, including inflation	
Regular Employees	4.00 – 7.80 percent
Senior Management	4.70 – 7.10 percent
Special Risk	5.10 – 7.80 percent
Discount rate	
Prior Measurement Date	3.87 percent
Measurement Date	3.50 percent
Healthcare cost trend rates	
Pre-Medicare	7.00 percent for 2019, decreasing to an ultimate rate of 4.50 percent by 2026
Medicare	5.00 percent for 2019, decreasing to an ultimate rate of 4.60 percent by 2021

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

Mortality rates were based on the RP-2014 mortality tables, with adjustments for FRS experience and generational mortality improvements using Scale MP-2014.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal and salary increases used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013, adopted by the FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019, valuation were based on a review of recent plan experience done concurrently with the June 30, 2019, valuation.

Changes in the Total OPEB Liability

	Amount
Balance at 6/30/19	$ 1,326,308
Changes for the year:	
Service Cost	57,196
Interest	49,658
Differences Between Expected and Actual Experience	304,822
Changes in Assumptions or Other Inputs	92,010
Benefit Payments	(87,150)
Net Changes	416,536
Balance at 6/30/20	$ 1,742,844

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019 due to a change in the Municipal Bond Rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	$1,917,041	$1,742,844	$1,595,492

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$1,541,323	$1,742,844	$1,992,339

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

For the fiscal year ended June 30, 2020, the College recognized OPEB expense of $141,043. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 271,975	$ -
Change of assumptions or other inputs	82,095	52,851
Transactions subsequent to the measurement date	92,653	-
Total	$ 446,723	$ 52,851

Of the total amount reported as deferred outflows of resources related to OPEB, $92,653 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2021	$ 34,189
2022	34,189
2023	34,189
2024	34,189
2025	34,189
Thereafter	130,274
Total	$ 301,219

Net Pension Liability. As a participating employer in the FRS, the College recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2020, the College's proportionate share of the net pension liabilities totaled $43,744,394. Note 11. includes a complete discussion of defined benefit pension plans.

11. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

Essentially all regular employees of the College are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. 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).

The College's FRS and HIS pension expense totaled $8,690,094 for the fiscal year ended June 30, 2020.

FRS Pension Plan

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Senior Management Service Class	2.00
Special Risk Class	3.00

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 2019-20 fiscal year were:

	Percent of Gross Salary	
Class	Employee	Employer (1)
FRS, Regular	3.00	8.47
FRS, Senior Management Service	3.00	25.41
FRS, Special Risk	3.00	25.48
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	14.60
FRS, Reemployed Retiree	(2)	(2)

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

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

The College's contributions to the Plan totaled $2,862,181 for the fiscal year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the College reported a liability of $31,165,430 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The College's proportionate share of the net pension liability was based on the College's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the College's proportionate share was 0.090495616 percent, which was a decrease of 0.002442520 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the College recognized pension expense of $7,701,438. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,848,511	$ 19,341
Change of assumptions	8,004,623	-
Net difference between projected and actual earnings on FRS Plan investments	-	1,724,234
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	482,216	938,757
College FRS contributions subsequent to the measurement date	2,862,181	-
Total	$ 13,197,531	$ 2,682,332

The deferred outflows of resources totaling $2,862,181, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2021	$ 2,785,054
2022	707,998
2023	2,085,082
2024	1,626,000
2025	375,957
Thereafter	72,927
Total	$ 7,653,018

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

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.90 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. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

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

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

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

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
College's proportionate share of the net pension liability	$53,874,651	$31,165,430	$12,199,390

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.

HIS Pension Plan

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

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

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

The College's contributions to the HIS Plan totaled $619,815 for the fiscal year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the College reported a net pension liability of $12,578,964 for its proportionate share of the net pension liability. The current portion of the net pension liability is the College's proportionate share of benefit payments expected to be paid within 1 year, net of the College's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, and update procedures were used to determine liabilities as of June 30, 2019. The College's proportionate share of the net pension liability was based on the College's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the College's proportionate share was 0.112422599 percent, which was a decrease of 0.001170221 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the College recognized pension expense of $988,656. In addition, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 152,786	$ 15,403
Change of assumptions	1,456,525	1,028,102
Net difference between projected and actual earnings on HIS Plan investments	8,117	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	376,713	214,966
College contributions subsequent to the measurement date	619,815	-
Total	$ 2,613,956	$ 1,258,471

The deferred outflows of resources totaling $619,815, resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2021	$ 267,683
2022	211,041
2023	142,456
2024	(24,510)
2025	57,681
Thereafter	81,319
Total	$ 735,670

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

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	3.50 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.50 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2019 valuation was updated from 3.87 percent to 3.50 percent.

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

	1% Decrease (2.50%)	**Current Discount Rate (3.50%)**	**1% Increase (4.50%)**
College's proportionate share of the net pension liability	$14,359,532	$12,578,964	$11,095,952

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.

12. Retirement Plans – Defined Contribution Pension Plans

FRS Investment Plan. The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State's 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. College employees already participating in the State College System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2019-20 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

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

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

The College's Investment Plan pension expense totaled $387,468 for the fiscal year ended June 30, 2020.

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing college contributes 5.15 percent of the participant's salary to the participant's account and 3.56 percent to cover the unfunded actuarial liability of the FRS pension plan, for a total of 8.71 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the college to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The College's contributions to the Program totaled $491,679 and employee contributions totaled $169,350 for the 2019-20 fiscal year.

Senior Management Service Local Annuity Program. Section 121.055(1)(b)2., Florida Statutes, and Florida Retirement System Rule 60S-1.0057, Florida Administrative Code, provide that local agency employees eligible for the FRS, Senior Management Service Class, may elect to withdraw from the FRS altogether and participate in a local annuity program. Pursuant thereto, the College established the Senior Management Service Class Local Annuity Program (Local Annuity Program). Employees in eligible positions are allowed to make an irrevocable election to participate in the Local Annuity Program, rather than the FRS.

The Local Annuity Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the employee. The College contributes 9.65 percent and employees contribute 3 percent of the employee's salary to the Local Annuity Program. The participants may make contributions toward the Local Annuity Program by way of salary reduction or by deduction of a percentage of the employee's gross compensation not to exceed the percentage contributed by the employer. These contributions are invested in the companies selected by the employee to create a fund for the purchase of annuities at retirement.

The College's contributions to the Local Annuity Program totaled $101,286 and employee contributions totaled $15,904 for the 2019-20 fiscal year.

13. Construction Commitments

The College's capitalized and noncapitalized construction commitments at June 30, 2020, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Capitalized:			
Blount Center Expansion Project:			
Architect	$ 2,314,610	$ 1,803,624	$ 510,986
Engineer	19,860	15,560	4,300
Construction Manager	132,831	122,621	10,210
General Contractor	84,455	37,525	46,930
Institute of Technology & Manufacturing:			
Architect	39,955	39,955	-
NW Campus Roof Walkovers & Guardrails:			
Construction Manager	269,408	109,438	159,970
Solar System Water Softener Bldg. V:			
Engineer	1,695	1,271	424
Construction Manager	131,248	110,822	20,426
Blount DA Fire Alarm Upgrade:			
Architect	23,728	19,458	4,270
Construction Manager	261,592	-	261,592
Total Capitalized Projects	3,279,382	2,260,274	1,019,108
Noncapitalized:			
Building E Auditorium Renovation:			
Architect	267,636	259,443	8,193
Construction Manager	48,111	47,041	1,070
General Contractor	31,665	14,239	17,426
Audio/Visual Class Rooms Upgrade:			
General Contractor	226,504	113,252	113,252
Roof Buildings I and J:			
Architect	45,546	22,773	22,773
Storefront Replacement Bldgs B, F, U:			
Construction Manager	364,425	-	364,425
Faculty Units Access Controls Bldgs A, B, K:			
Construction Manager	100,372	86,198	14,174
Fine Arts Hall Stucco Investigation and Repairs:			
General Contractor	28,140	13,415	14,725
U Building HVAC Replacement:			
Construction Manager	192,841	187,869	4,972
Woman's Restroom Repairs L Bldg:			
General Contractor	46,808	8,675	38,133
Dental Clinic COVID 19 Modifications W Bldg:			
Construction Manager	73,744	-	73,744
NW Campus North Road Sidewalk Improvements:			
General Contractor	55,971	-	55,971
Physics Lab Renovation Bldg I:			
Architect	105,975	104,915	1,060
Construction Manager	29,254	6,519	22,735
General Contractor	234,637	106,197	128,440
Student Healthcare Center Renovation Bldg S:			
Construction Manager	238,306	235,586	2,720
Buildings B,J,K,N,P,V,W,Y Renovations:			
Architect	49,542	34,454	15,088
General Contractor	53,957	11,004	42,953
Projects Committed for less than $25,000	56,322	30,178	26,144
Total Noncapitalized Projects	2,249,756	1,281,758	967,998
Total Construction Contract Commitments	$ 5,529,138	$ 3,542,032	$ 1,987,106

14. Risk Management Programs

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide college risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases excess insurance through commercial companies for claims in excess of specified amounts. Excess insurance from commercial companies provided coverage of up to $100 million to February 29, 2020, and up to $110 million from March 1, 2020, for property insurance. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, health, life, and other liability coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

15. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 39,336,883
Public Services	1,429,977
Academic Support	10,247,914
Student Services	12,980,859
Institutional Support	16,315,512
Operation and Maintenance of Plant	17,685,937
Scholarships and Waivers	17,704,734
Depreciation	4,935,099
Auxiliary Enterprises	84,037
Total Operating Expenses	$ 120,720,952

16. Subsequent Events

On July 10, 2020, Santa Fe College entered into a Construction Management agreement with the Guaranteed Maximum Price of $27,784,515, for the Blount Center Expansion located at 401 NW 6th Street, Gainesville, Florida 32601.

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

	2019	2018	2017
Total OPEB Liability			
Service cost	$ 57,196	$ 57,766	$ 60,275
Interest	49,658	46,008	39,569
Difference between expected and actual experience	304,822	-	-
Changes of assumptions or other inputs	92,010	(26,089)	(49,523)
Benefit Payments	(87,150)	(86,730)	(58,672)
Net change in total OPEB liability	416,536	(9,045)	(8,351)
Total OPEB Liability - beginning	1,326,308	1,335,353	1,343,704
Total OPEB Liability - ending	$ 1,742,844	$ 1,326,308	$ 1,335,353
Covered-Employee Payroll	$ 34,029,848	$ 39,408,617	$ 35,628,898
Total OPEB Liability as a percentage of covered-employee payroll	**5.12%**	**3.37%**	**3.75%**

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

	2019 (1)	**2018** (1)	**2017** (1)	**2016** (1)
College's proportion of the FRS net pension liability	0.090495616%	0.092938136%	0.089724126%	0.090106028%
College's proportionate share of the FRS net pension liability	$ 31,165,430	$ 27,993,448	$ 26,539,794	$ 22,751,843
College's covered payroll (2)	$ 43,409,857	$ 42,375,205	$ 40,303,975	$ 39,431,384
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	71.79%	66.06%	65.85%	57.70%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.61%	84.26%	83.89%	84.88%

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

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

Schedule of College Contributions – Florida Retirement System Pension Plan

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
Contractually required FRS contribution	$ 2,862,181	$ 2,827,584	$ 2,658,400	$ 2,342,304
FRS contributions in relation to the contractually required contribution	(2,862,181)	(2,827,584)	(2,658,400)	(2,342,304)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 43,261,786	$ 43,409,857	$ 42,375,205	$ 40,303,975
FRS contributions as a percentage of covered payroll	6.62%	6.51%	6.27%	5.81%

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

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

	2015 (1)	**2014** (1)	**2013** (1)
	0.097138630%	0.100886047%	0.090124341%
	$ 12,546,757	$ 6,155,532	$ 15,514,410
	$ 39,279,143	$ 38,694,964	$ 37,553,181
	31.94%	15.91%	41.31%
	92.00%	96.09%	88.54%

	2016 (1)	**2015** (1)	**2014** (1)
	$ 2,208,964	$ 2,368,322	$ 2,209,833
	(2,208,964)	(2,368,322)	(2,209,833)
	$ -	$ -	$ -
	$ 39,431,384	$ 39,279,143	$ 38,694,964
	5.60%	6.03%	5.71%

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

	2019 (1)	**2018** (1)	**2017** (1)	**2016** (1)
College's proportion of the HIS net pension liability	0.112422599%	0.113592820%	0.109528125%	0.108350909%
College's proportionate share of the HIS net pension liability	$ 12,578,964	$ 12,022,792	$ 11,711,251	$ 12,627,849
College's covered payroll (2)	$ 37,462,007	$ 36,204,661	$ 34,251,575	$ 33,453,417
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	33.58%	33.21%	34.19%	37.75%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	2.63%	2.15%	1.64%	0.97%

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

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

Schedule of College Contributions – Health Insurance Subsidy Pension Plan

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
Contractually required HIS contribution	$ 619,815	$ 625,061	$ 616,339	$ 578,858
HIS contributions in relation to the contractually required HIS contribution	(619,815)	(625,061)	(616,339)	(578,858)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 37,616,793	$ 37,462,007	$ 36,204,661	$ 34,251,575
HIS contributions as a percentage of covered payroll	1.65%	1.67%	1.70%	1.69%

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

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

	2015 (1)	**2014** (1)	**2013** (1)
	0.109549292%	0.111742332%	0.110935455%
	$ 11,172,304	$ 10,448,180	$ 9,658,390
	$ 33,322,876	$ 33,203,064	$ 32,202,548
	33.53%	31.47%	29.99%
	0.50%	0.99%	1.78%

	2016 (1)	**2015** (1)	**2014** (1)
	$ 555,564	$ 418,766	$ 382,792
	(555,564)	(418,766)	(382,792)
	$ -	$ -	$ -
	$ 33,453,417	$ 33,322,876	$ 33,203,064
	1.66%	1.26%	1.15%

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

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

Changes of Assumptions. The Municipal Bond Rate used to determine total OPEB liability decreased from 3.87 percent to 3.50 percent.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 7.00 percent to 6.90 percent, and the active member mortality assumption was updated.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.87 percent to 3.50 percent.

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Legislative Auditing Committee

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santa Fe College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 26, 2021, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 2021