Report No. 2021-197
March 2021

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

CHIPOLA COLLEGE

For the Fiscal Year Ended
June 30, 2020

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2019-20 fiscal year, Dr. Sarah Clemmons served as President of Chipola College and the following individuals served as Members of the Board of Trustees:

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 Melissa F. Hall, CPA, and the audit was supervised by Shelly G. Curti, 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.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

CHIPOLA COLLEGE

TABLE OF CONTENTS

SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the basic financial statements of Chipola 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 Chipola 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.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Phone: (850) 412-2722
Fax: (850) 488-6975

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Chipola 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 Chipola 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 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 31, 2021, on our consideration of the Chipola 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 Chipola College's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 31, 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 for the fiscal years ended June 30, 2020, and June 30, 2019.

Financial Highlights

The College's assets and deferred outflows of resources totaled $65.5 million at June 30, 2020. This balance reflects a $6 million, or 8.4 percent, decrease as compared to the 2018-19 fiscal year, resulting from a $5.6 million decrease in current assets, a decrease of $131 thousand in noncurrent assets, and a decrease of $334 thousand in deferred outflows related to pensions and other postemployment benefits. Total liabilities and deferred inflows of resources also decreased by $3.7 million, or 21.2 percent, totaling $13.7 million at June 30, 2020, resulting from a decrease of $3.8 million in total liabilities offset by an increase of $141 thousand in deferred inflows of resources related to pensions and other postemployment benefits. As a result, the College's net position decreased by $2.4 million, resulting in a year-end balance of $51.8 million.

The College's operating revenues totaled $3.6 million for the 2019-20 fiscal year, representing a 11.8 percent decrease compared to the 2018-19 fiscal year. Operating expenses totaled $24.3 million for the 2019-20 fiscal year, representing a decrease of 29.1 percent as compared to the 2018-19 fiscal year primarily due to a $10.3 million decrease in other services and expenses which included expenses related to Hurricane Michael recovery efforts during the 2018-19 fiscal year.

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 unrestricted net position prior to the recognition of long-term liabilities, and related deferred outflows of resources and deferred inflows of resources, expected to be financed in future years was $6.4 million, as presented below:

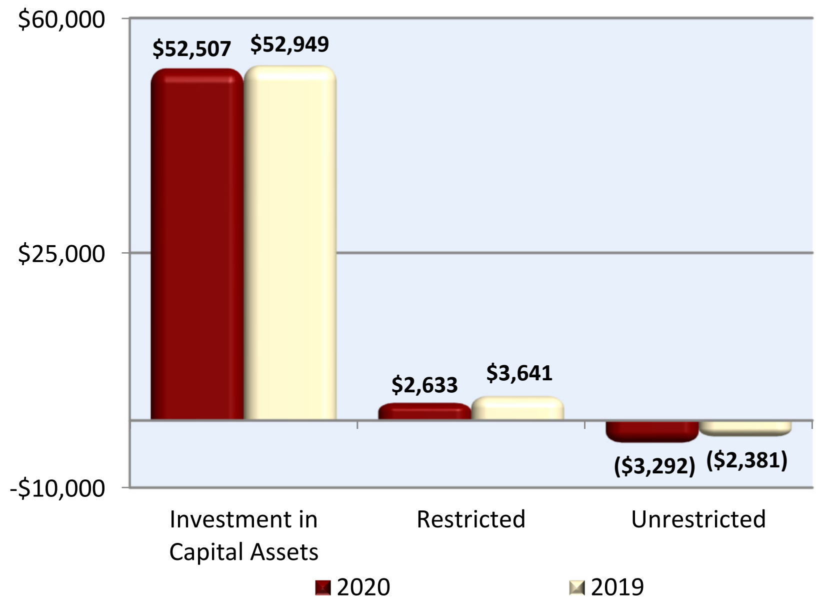
Unrestricted Net Position
June 30, 2020

		Amount
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities and Related Deferred Outflows of Resources and Deferred Inflows of Resources		$ 6,393,242
Amounts Expected to be Financed in the Future:		
Compensated Absences Payable	$ 2,082,096	
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	107,198	
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	7,496,459	
Total Amount Expected to be Financed in the Future		9,685,753
Total Unrestricted Net Position		$ (3,292,511)

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:

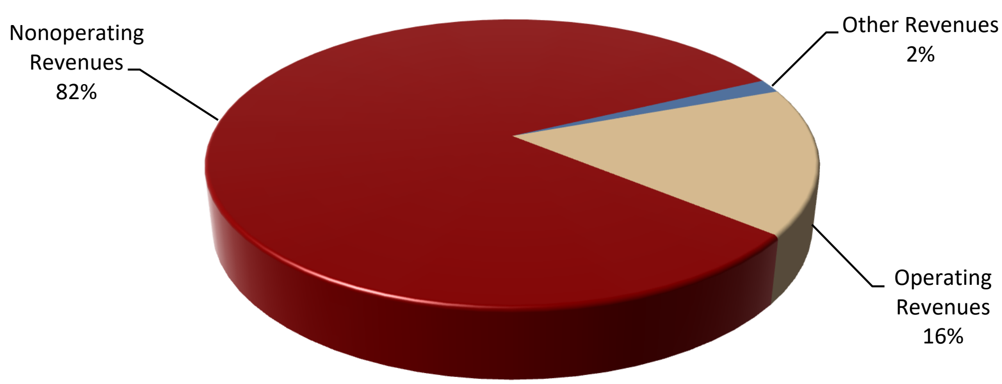
Net Position

(In Thousands)



The following chart provides a graphical presentation of College revenues by category for the 2019-20 fiscal year:

Total Revenues
2019-20 Fiscal Year



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, encompass the College and its component unit. Based on the application of the criteria for determining component units, the Chipola College Foundation, Inc., is included within the College reporting entity as a discretely presented component unit.

Information regarding the component unit is presented in the financial statements and the notes to financial statements. This MD&A focuses on the College, excluding the discretely presented component unit.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2020	2019
Assets		
Current Assets	$ 8,370	$ 13,939
Capital Assets, Net	52,507	52,949
Other Noncurrent Assets	1,195	884
Total Assets	62,072	67,772
Deferred Outflows of Resources	3,427	3,761
Liabilities		
Current Liabilities	799	5,254
Noncurrent Liabilities	11,295	10,654
Total Liabilities	12,094	15,908
Deferred Inflows of Resources	1,557	1,416
Net Position		
Investment in Capital Assets	52,507	52,949
Restricted	2,633	3,641
Unrestricted	(3,292)	(2,381)
Total Net Position	$ 51,848	$ 54,209

The College's total net position decreased by $2.4 million primarily attributable to a decrease in current assets of $5.6 million due mainly to a decrease in accounts receivable and due from other governmental agencies owed from insurance carriers and the Federal Emergency Management Agency (FEMA) for Hurricane Michael recovery efforts offset by a decrease of $4.5 million in current liabilities due mainly to a decrease in amounts owed to contractors for completed Hurricane Michael recovery work. The College's total restricted net position decreased by $1 million as a result of a drop in the net position of the capital projects fund at fiscal year-end.

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

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

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

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

(In Thousands)

	2019-20	2018-19
Operating Revenues	$ 3,611	$ 4,093
Less, Operating Expenses	24,324	34,295
Operating Loss	(20,713)	(30,202)
Net Nonoperating Revenues	18,012	26,944
Loss Before Other Revenues	(2,701)	(3,258)
Other Revenues	340	925
Net Decrease In Net Position	(2,361)	(2,333)
Net Position, Beginning of Year	54,209	56,544
Adjustment to Beginning Net Position (1)	-	(2)
Net Position, Beginning of Year, as Restated	54,209	56,542
Net Position, End of Year	$ 51,848	$ 54,209

(1) For the 2018-19 fiscal year, the College's beginning net position was decreased $2 thousand due to the implementation of GASB Statement No. 75 by the Florida Retirement System pension plan.

Operating Revenues

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

The following summarizes the operating revenues by source that were used to fund operating activities for the 2019-20 and 2018-19 fiscal years:

Operating Revenues
For the Fiscal Years

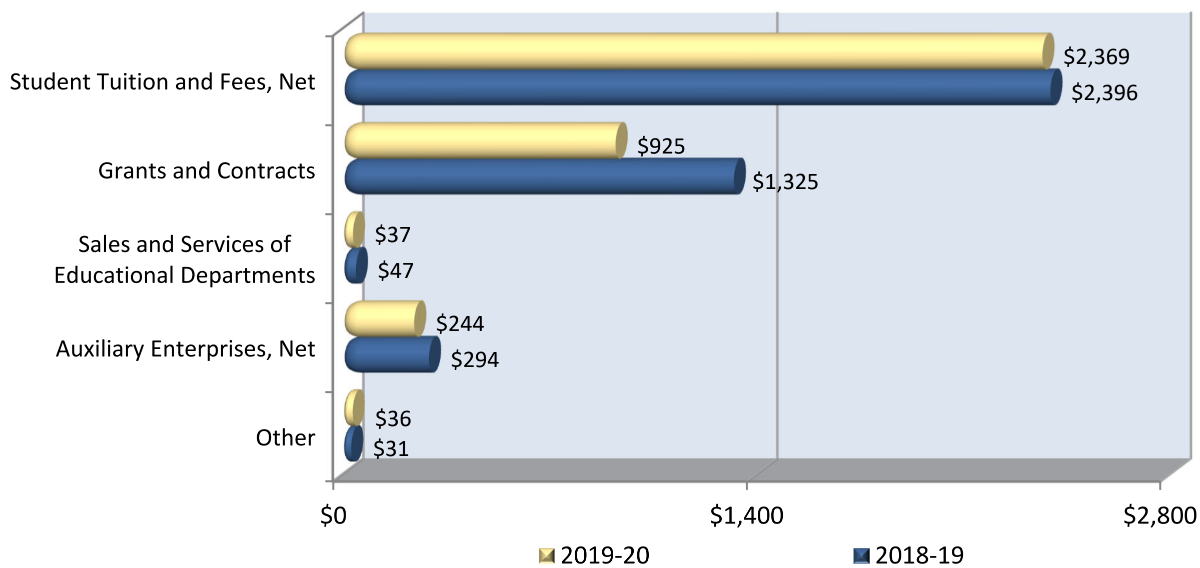
(In Thousands)

	2019-20	2018-19
Student Tuition and Fees, Net	$ 2,369	$ 2,396
Grants and Contracts	925	1,325
Sales and Services of Educational Departments	37	47
Auxiliary Enterprises, Net	244	294
Other	36	31
Total Operating Revenues	$ 3,611	$ 4,093

The following chart presents the College's operating revenues for the 2019-20 and 2018-19 fiscal years:

Operating Revenues

(In Thousands)



The College's operating revenues decreased by $482 thousand during the 2019-20 fiscal year primarily due to a decrease in grants and contracts of $400 thousand.

Operating Expenses

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

The following summarizes operating expenses by natural classification for the 2019-20 and 2018-19 fiscal years:

Operating Expenses
For the Fiscal Years

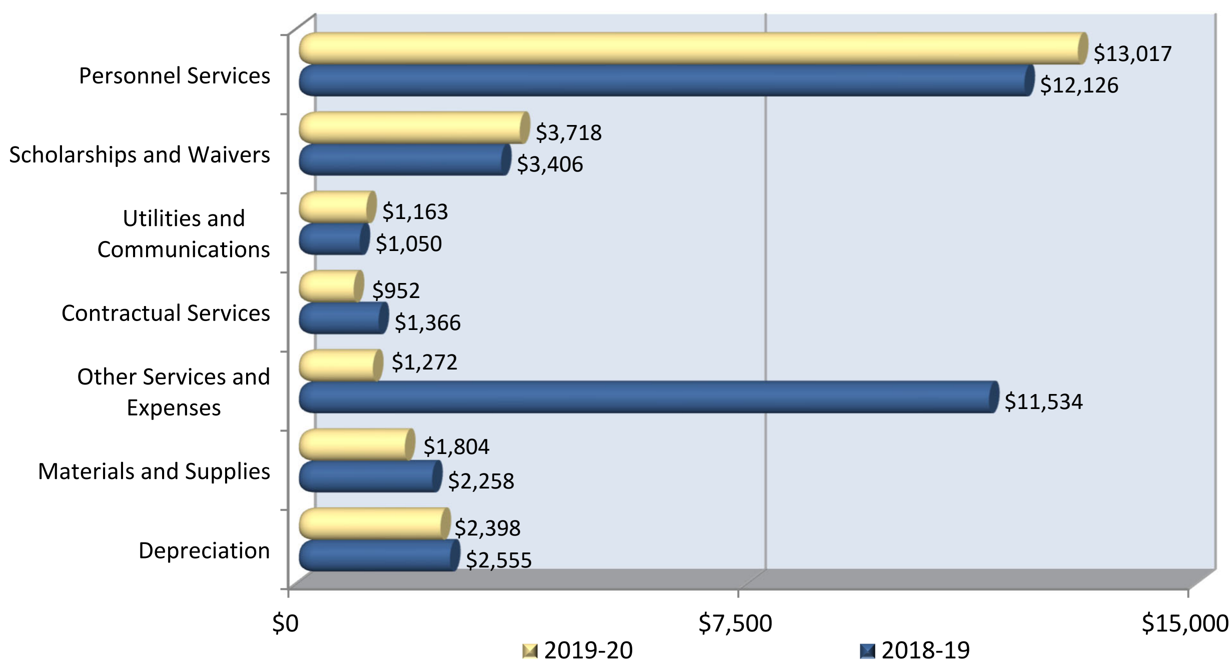
(In Thousands)

	2019-20	2018-19
Personnel Services	$ 13,017	$ 12,126
Scholarships and Waivers	3,718	3,406
Utilities and Communications	1,163	1,050
Contractual Services	952	1,366
Other Services and Expenses	1,272	11,534
Materials and Supplies	1,804	2,258
Depreciation	2,398	2,555
Total Operating Expenses	$ 24,324	$ 34,295

The following chart presents the College's operating expenses for the 2019-20 and 2018-19 fiscal years:

Operating Expenses

(In Thousands)



The College's operating expenses decreased by $10 million from the previous fiscal year. The primary reason for this decrease is due to a $10.3 million decrease in other services and expenses mostly related to remediation and reconstruction services performed in the 2018-19 fiscal year resulting from Hurricane Michael damages.

Nonoperating Revenues and Expenses

Certain revenue sources that the College relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College's nonoperating revenues and expenses for the 2019-20 and 2018-19 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2019-20	2018-19
State Noncapital Appropriations	$ 12,529	$ 12,397
Federal and State Student Financial Aid	4,074	3,967
Gifts and Grants	758	1,979
Investment Income	102	181
Other Nonoperating Revenues	549	8,404
Gain on Disposal of Capital Assets	-	16
Net Nonoperating Revenues	$ 18,012	$ 26,944

Total nonoperating revenues decreased by $8.9 million during the 2019-20 fiscal year. This overall decrease is primarily due to a decrease of $1.2 million in gifts and grants and a decrease of $7.9 million in other nonoperating revenues. The reduction in gifts and grants is primarily related to the absence of claims due from FEMA that were recognized in the 2018-19 fiscal year related to eligible reimbursements as a result of Hurricane Michael recovery efforts. The decrease in other nonoperating revenues of $7.9 million is because the majority of claims from insurance carriers as a result of Hurricane Michael damage were materially received or receivable at the end of the 2018-19 fiscal year.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues for the 2019-20 and 2018-19 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2019-20	2018-19
State Capital Appropriations	$ -	$ 487
Capital Grants, Contracts, Gifts, and Fees	340	438
Total	$ 340	$ 925

State capital appropriations, which consists of Public Educational Capital Outlay (PECO) funds, decreased by $487 thousand in the 2019-20 fiscal year due to the elimination of appropriations for capital projects for the College.

The Statement of Cash Flows

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

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

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2019-20	**2018-19**
Cash Provided (Used) by:		
Operating Activities	$ (21,788)	$ (22,752)
Noncapital Financing Activities	19,124	16,580
Capital and Related Financing Activities	2,796	6,434
Investing Activities	102	181
Net Increase in Cash and Cash Equivalents	234	443
Cash and Cash Equivalents, Beginning of Year	8,951	8,508
Cash and Cash Equivalents, End of Year	$ 9,185	$ 8,951

Major sources of funds came from State noncapital appropriations ($12.5 million), Federal and State student financial aid ($4.1 million), insurance recoveries related to Hurricane Michael ($2.9 million), gifts and grants received for other than capital or endowment purposes ($2.5 million), and net student tuition and fees ($2.2 million). Major uses of funds were for payments to employees and for employee benefits ($11.9 million), payments to suppliers for goods and services ($8.4 million), and payments for scholarships ($3.7 million).

Changes in cash and cash equivalents were the result of the following factors:

- Cash provided by noncapital financing activities increased by $2.5 million primarily due to an increase in grants received of $2.3 million mainly due to the receipt of $1.8 million in FEMA reimbursements.
- Cash provided from capital and related financing activities decreased by $3.6 million primarily due to a decrease of $3.1 million in insurance recoveries received in the 2018-19 fiscal year related to Hurricane Michael.

CAPITAL ASSETS AND COMMITMENTS

Capital Assets

At June 30, 2020, the College had $96.4 million in capital assets, less accumulated depreciation of $43.9 million, for net capital assets of $52.5 million. Depreciation charges for the current fiscal year totaled $2.4 million. The following table summarizes the College's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2020	2019
Land	$ 2,146	$ 2,146
Computer Software	265	352
Construction in Progress	83	1,018
Buildings	46,954	45,908
Other Structures and Improvements	2,499	2,814
Furniture, Machinery, and Equipment	560	711
Capital Assets, Net	$ 52,507	$ 52,949

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

Capital Commitments

The College's major construction commitments at June 30, 2020, are as follows:

	Amount (In Thousands)
Total Committed	$ 820
Completed to Date	(56)
Balance Committed	$ 764

Additional information about the College's construction commitments 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 decreased economic activity associated with the COVID-19 pandemic and increased demand for State resources, the prospect of a reduction in State funding is possible for the 2020-21 fiscal year. Given the College's current financial status, adequate financial resources exist to maintain its present level of services for the foreseeable future. However, if necessary, in the future the College will revise its budget based upon student enrollment and available State appropriations.

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 of Administrative and Business Affairs, Chipola College, 3094 Indian Circle, Marianna, Florida 32446.

THIS PAGE INTENTIONALLY LEFT BLANK

CHIPOLA 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	$ 7,889,976	$ 261,807
Restricted Cash and Cash Equivalents	100,000	-
Investments	-	4,106,978
Accounts Receivable	41,994	13,000
Notes Receivable	1,931	-
Due from Other Governmental Agencies	104,219	-
Prepaid Expenses	231,847	-
Total Current Assets	8,369,967	4,381,785
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	1,194,981	2,808,475
Restricted Investments	-	12,745,370
Depreciable Capital Assets, Net	50,013,261	-
Nondepreciable Capital Assets	2,494,146	-
Other Assets	-	109,307
Total Noncurrent Assets	53,702,388	15,663,152
TOTAL ASSETS	62,072,355	20,044,937
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	184,808	-
Pensions	3,241,767	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,426,575	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	164,731	27,676
Salary and Payroll Taxes Payable	226,058	-
Due to Other Governmental Agencies	484	-
Unearned Revenue	66,411	-
Deposits Held for Others	81,094	-
Long-Term Liabilities - Current Portion:		
Compensated Absences Payable	200,000	-
Other Postemployment Benefits Payable	14,768	-
Net Pension Liability	45,870	-
Total Current Liabilities	799,416	27,676

	College	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Compensated Absences Payable	1,882,096	-
Other Postemployment Benefits Payable	72,210	-
Net Pension Liability	9,340,481	-
Total Noncurrent Liabilities	11,294,787	-
TOTAL LIABILITIES	12,094,203	27,676
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	205,028	-
Pensions	1,351,875	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,556,903	-
NET POSITION		
Investment in Capital Assets	52,507,407	-
Restricted:		
Nonexpendable:		
Endowment	-	7,477,332
Expendable:		
Grants and Loans	588,130	-
Scholarships	533,532	8,182,271
Capital Projects	1,511,266	-
Unrestricted	(3,292,511)	4,357,658
TOTAL NET POSITION	$ 51,847,824	$ 20,017,261

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

THIS PAGE INTENTIONALLY LEFT BLANK

CHIPOLA 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 $886,748	$ 2,369,456	$ -
Federal Grants and Contracts	566,022	-
State and Local Grants and Contracts	63,296	-
Nongovernmental Grants and Contracts	295,800	1,126,339
Sales and Services of Educational Departments	36,618	-
Auxiliary Enterprises, Net of Scholarship Allowances of $9,201	243,720	-
Other Operating Revenues	36,475	-
Total Operating Revenues	3,611,387	1,126,339
EXPENSES		
Operating Expenses:		
Personnel Services	13,017,462	-
Scholarships and Waivers	3,717,445	841,365
Utilities and Communications	1,163,164	-
Contractual Services	951,828	-
Other Services and Expenses	1,272,277	628,233
Materials and Supplies	1,803,964	-
Depreciation	2,398,428	-
Total Operating Expenses	24,324,568	1,469,598
Operating Loss	(20,713,181)	(343,259)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	12,529,208	-
Federal and State Student Financial Aid	4,074,279	-
Gifts and Grants Received for Other Than Capital or Endowment Purposes	757,460	-
Investment Income	102,285	451,476
Net Loss on Investments	-	(596,430)
Other Nonoperating Revenue	548,445	-
Net Nonoperating Revenues (Expenses)	18,011,677	(144,954)
Loss Before Other Revenues	(2,701,504)	(488,213)
Capital Grants, Contracts, Gifts, and Fees	340,375	-
Additions to Endowments	-	75,910
Total Other Revenues	340,375	75,910
Decrease in Net Position	(2,361,129)	(412,303)
Net Position, Beginning of Year	54,208,953	20,429,564
Net Position, End of Year	$ 51,847,824	$ 20,017,261

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

CHIPOLA 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	$ 2,171,220
Grants and Contracts	962,225
Payments to Suppliers	(8,447,850)
Payments for Utilities and Communications	(1,163,164)
Payments to Employees	(9,576,323)
Payments for Employee Benefits	(2,337,418)
Payments for Scholarships	(3,717,445)
Loans Issued to Students	(11,738)
Collection on Loans to Students	11,056
Auxiliary Enterprises, Net	243,720
Sales and Services of Educational Departments	36,618
Other Receipts	41,224
Net Cash Used by Operating Activities	(21,787,875)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	12,529,208
Federal and State Student Financial Aid	4,074,279
Gifts and Grants Received for Other Than Capital or Endowment Purposes	2,519,955
Net Cash Provided by Noncapital Financing Activities	19,123,442
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	1,551,042
Capital Grants and Gifts	340,375
Proceeds from Insurance Recoveries for Damaged Capital Assets	2,942,504
Purchases of Capital Assets	(2,037,886)
Net Cash Provided by Capital and Related Financing Activities	2,796,035
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	102,285
Net Cash Provided by Investing Activities	102,285
Net Increase in Cash and Cash Equivalents	233,887
Cash and Cash Equivalents, Beginning of Year	8,951,070
Cash and Cash Equivalents, End of Year	$ 9,184,957

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (20,713,181)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	2,398,428
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables	12,027
Notes Receivable	682
Due from Other Governmental Agencies	(220,421)
Due from Component Unit	44,629
Due to Other Governmental Agencies	(335)
Due to Component Unit	5,000
Prepaid Expenses	(52,585)
Accounts Payable	(4,377,196)
Salaries and Payroll Taxes Payable	9,007
Unearned Revenue	6,272
Deposits Held for Others	5,084
Compensated Absences Payable	79,045
Other Postemployment Benefits Payable	(32,384)
Net Pension Liability	572,661
Deferred Outflows of Resources Related to Other Postemployment Benefits	(168,771)
Deferred Inflows of Resources Related to Other Postemployment Benefits	191,879
Deferred Outflows of Resources Related to Pensions	502,764
Deferred Inflows of Resources Related to Pensions	(50,480)
NET CASH USED BY OPERATING ACTIVITIES	$ (21,787,875)

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

1. Summary of Significant Accounting Policies

Reporting Entity. The governing body of Chipola 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 nine 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 Calhoun, Holmes, Jackson, Liberty, and Washington Counties.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the 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 Chipola 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 at the College's administrative offices. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended June 30, 2020.

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

- 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, grants received for other than capital or endowment purposes, investment income, and other nonoperating revenues.

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College calculated its tuition scholarship allowance by determining the amount of "coverage" applied from financial aid and other funds determined to be subject to scholarship allowances. Under this method, the College determined amounts by identifying those student transactions where the student's classes or dormitory charges were paid by an applicable financial aid source. To the extent that these resources are used to pay student charges, the College records a scholarship allowance against tuition and fee revenues and auxiliary enterprises.

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 funds invested with the State Board of Administration (SBA) Florida PRIME Investment Pool. For reporting cash flows, the College considers all highly liquid investments with original maturities of 3 months or less, that are not held solely for income or profit, to be cash equivalents. Under this definition, the College considers amounts invested in the SBA Florida PRIME investment pool 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 reported as cash equivalents $7,577,694 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 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, computer software, 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
- Computer Software, Depreciable – 5 years
- Furniture, Machinery, and Equipment – 5 years

Noncurrent Liabilities. Noncurrent liabilities include compensated absences payable, other postemployment benefits 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	$ (4,568,371)
Auxiliary Funds	1,275,860
Total	$ (3,292,511)

3. Investments

<u>Component Unit Investments</u>. The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

Investments held by the Foundation at June 30, 2020, are 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)**
Certificates of Deposit	$ 1,666,873	$ 1,666,873	$ -
Domestic Equities	7,341,200	7,341,200	-
Foreign Equities	2,851,917	2,851,917	-
Mutual Funds	4,596,858	4,596,858	-
Land and Timber	395,500	-	395,500
Total investments by fair value level	$ 16,852,348	$ 16,456,848	$ 395,500

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation has no written investment policy that limits exposure to decline in fair values resulting from interest rate changes.

Credit Risk: Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Foundation has no written investment policy that limits exposure to credit risk.

Custodial Credit Risk: Custodial credit risk is the risk of losses due to the failure of counterparty to a transaction, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Foundation has no written investment policy for custodial credit risk; however, at June 30, 2020, none of the Foundation's money market and short-term investment accounts were exposed to uninsured and uncollateralized custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a Foundation's investments in a single issuer. More than 5 percent of the Foundation's investments are held in Vanguard Total BD Market EFT which represents 13 percent of total investments, BlackRock 60/40 Target Allocation Fund which represents 8 percent of total investments, and T. Rowe Price New Income Fund which represents 5 percent of total investments. The Foundation has no written investment policy that places limits on the amount that may be invested in any type of investment.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Foundation holds $3,179,716 in various foreign equities as of June 30, 2020. The foreign holdings account for approximately 18 percent of the Foundation's total investments. The Foundation has no investment policy that limits its investment choices as it relates to foreign equities.

4. Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, and reimbursements due from third parties. These receivables are deemed fully collectible and therefore no allowance for uncollectible accounts has been recognized.

5. Due From Other Governmental Agencies

The amount due from other governmental agencies consists of amounts owed from local school districts for dual enrollment tuition and amounts owed from grantor agencies for expenses incurred but not yet reimbursed at year end.

6. Capital Assets

Capital assets activity 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	$ 2,145,828	$ -	$ -	$ 2,145,828
Computer Software, Perpetual License	265,384	-	-	265,384
Construction in Progress	1,017,643	1,758,289	2,692,998	82,934
Total Nondepreciable Capital Assets	$ 3,428,855	$ 1,758,289	$ 2,692,998	$ 2,494,146
Depreciable Capital Assets:				
Buildings	$ 75,051,615	$ 2,594,840	$ -	77,646,455
Other Structures and Improvements	10,778,588	98,158	-	10,876,746
Computer Software, Depreciable	430,856	-	-	430,856
Furniture, Machinery, and Equipment	4,800,876	198,588	52,923	4,946,541
Total Depreciable Capital Assets	91,061,935	2,891,586	52,923	93,900,598
Less, Accumulated Depreciation:				
Buildings	29,143,732	1,548,301	-	30,692,033
Other Structures and Improvements	7,963,979	413,744	-	8,377,723
Computer Software, Depreciable	344,685	86,171	-	430,856
Furniture, Machinery, and Equipment	4,089,436	350,212	52,923	4,386,725
Total Accumulated Depreciation	41,541,832	2,398,428	52,923	43,887,337
Total Depreciable Capital Assets, Net	$ 49,520,103	$ 493,158	$ -	$ 50,013,261

7. Unearned Revenue

Unearned revenue at June 30, 2020, represents student tuition and fees of $66,411 received prior to fiscal year end related to subsequent accounting periods.

8. Long-Term Liabilities

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences Payable	$ 2,003,051	$ 193,246	$ 114,201	$ 2,082,096	$ 200,000
Other Postemployment Benefits Payable	119,362	196,512	228,896	86,978	14,768
Net Pension Liability	8,813,690	5,667,428	5,094,767	9,386,351	45,870
Total Long-Term Liabilities	$ 10,936,103	$ 6,057,186	$ 5,437,864	$ 11,555,425	$ 260,638

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 $2,082,096. The current portion of the compensated absences liability, $200,000, is the amount expected to be paid in the coming fiscal year. This amount was estimated by performing an analysis of the last seven years' payments made to employees for leave liability owed.

Other Postemployment Benefits Payable. The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for other postemployment benefits administered by the Florida College System Risk Management Consortium (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 benefits. The College subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. The OPEB Plan contribution requirements and benefit terms of the College and the OPEB Plan members are established and may be amended by action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	44
DROP Members	14
Active Employees	133
Total	191

Total OPEB Liability

The College's total OPEB liability of $86,978 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	
Regular employees	4.00 – 7.80 percent
Senior Management	4.70 – 7.10 percent
Discount rate	3.50 percent at measurement date 3.87 percent at prior measurement date
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 4.50 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 mortality, retirement, disability incidence, and 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, 2013, through June 30, 2018, 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	$ 119,362
Changes for the year:	
Service Cost	5,778
Interest	4,312
Differences Between Expected and Actual Experience	186,422
Changes in Assumptions or Other Inputs	(212,859)
Benefit Payments	(16,037)
Net Changes	(32,384)
Balance at 6/30/20	$ 86,978

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87 percent at June 30, 2018 to 3.50 percent at June 30, 2019, and a change in healthcare cost trend rates.

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	$103,962	$86,978	$77,941

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	$70,949	$86,978	$115,949

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 $5,491. At June 30, 2020, the College reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 170,040	$ -
Change of assumptions or other inputs	-	205,028
Transactions subsequent to the measurement date	14,768	-
Total	$ 184,808	$ 205,028

Of the total amount reported as deferred outflows of resources related to OPEB, $14,768 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 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	$ (4,598)
2022	(4,598)
2023	(4,598)
2024	(4,598)
2025	(3,759)
Thereafter	(12,837)
Total	$ (34,988)

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the College recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2020, the College's proportionate share of the net pension liabilities totaled $9,386,351. Note 9. includes a complete discussion of defined benefit pension plans.

9. 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 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 $1,760,006 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* (SMSC) – Members in senior management level positions.

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

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

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

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

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
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 $598,709 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 $6,682,878 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

0.019405192 percent, which was a decrease of 0.000964453 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the College recognized pension expense of $1,598,096. 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	$ 396,381	$ 4,147
Change of assumptions	1,716,450	-
Net difference between projected and actual earnings on FRS Plan investments	-	369,733
Changes in proportion and differences between College FRS contributions and proportionate share of contributions	26,842	486,764
College FRS contributions subsequent to the measurement date	598,709	-
Total	$ 2,738,382	$ 860,644

The deferred outflows of resources totaling $598,709, 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	$ 529,996
2022	74,246
2023	353,522
2024	266,226
2025	44,951
Thereafter	10,088
Total	$ 1,279,029

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	$11,552,471	$6,682,878	$2,615,944

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 $138,391 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 $2,703,473 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 0.024161881 percent, which was a decrease of 0.001142527 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the College recognized pension expense of $161,910. 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	$ 32,837	$ 3,310
Change of assumptions	312,637	220,960
Net difference between projected and actual earnings on HIS Plan investments	1,745	-
Changes in proportion and differences between College HIS contributions and proportionate share of HIS contributions	17,775	266,961
College contributions subsequent to the measurement date	138,391	-
Total	$ 503,385	$ 491,231

The deferred outflows of resources totaling $138,391, 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	$ 7,128
2022	(3,890)
2023	(28,097)
2024	(69,894)
2025	(28,717)
Thereafter	(2,767)
Total	$ (126,237)

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	$3,086,153	$2,703,473	$2,384,744

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.

10. 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

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 $100,744 for the fiscal year ended June 30, 2020.

11. Construction Commitments

The College's major construction commitments at June 30, 2020, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Campus-wide Paving:			
Contractor	$ 733,195	$ -	$ 733,195
Engineer	86,617	55,823	30,794
Total	$ 819,812	$ 55,823	$ 763,989

12. 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.

13. 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	$ 6,655,871
Public Services	104,051
Academic Support	857,979
Student Services	2,787,650
Institutional Support	4,209,570
Operation and Maintenance of Plant	3,404,822
Scholarships and Waivers	3,806,169
Depreciation	2,398,428
Auxiliary Enterprises	100,028
Total Operating Expenses	$ 24,324,568

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

	2019	2018	2017
Total OPEB Liability			
Service cost	$ 5,778	$ 5,888	$ 6,290
Interest	4,312	4,614	4,560
Difference between expected and actual experience	186,422	-	-
Changes of assumptions or other inputs	(212,859)	(5,595)	(11,353)
Benefit Payments	(16,037)	(30,044)	(12,865)
Net change in total OPEB liability	(32,384)	(25,137)	(13,368)
Total OPEB Liability - beginning	119,362	144,499	157,867
Total OPEB Liability - ending	$ 86,978	$ 119,362	$ 144,499
Covered-Employee Payroll	$ 7,449,306	$ 7,459,324	$ 7,459,324
Total OPEB Liability as a percentage of covered-employee payroll	**1.17%**	**1.60%**	**1.94%**

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	0.019405192%	0.020369645%	0.021636023%	0.023172027%
College's proportionate share of the FRS net pension liability	$ 6,682,878	$ 6,135,443	$ 6,399,790	$ 5,850,955
College's covered payroll (2)	$ 8,083,511	$ 8,264,851	$ 8,326,091	$ 8,633,995
College's proportionate share of the FRS net pension liability as a percentage of its covered payroll	82.67%	74.24%	76.86%	67.77%
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, 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	$ 598,709	$ 603,523	$ 581,104	$ 564,106
FRS contributions in relation to the contractually required contribution	(598,709)	(603,523)	(581,104)	(564,106)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 8,336,824	$ 8,083,511	$ 8,264,851	$ 8,326,091
FRS contributions as a percentage of covered payroll	7.18%	7.47%	7.03%	6.78%

(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 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)
	0.023546386%	0.024209341%	0.020934889%
	$ 3,041,332	$ 1,477,126	$ 3,603,826
	$ 8,487,483	$ 8,140,737	$ 7,945,536
	35.83%	18.14%	45.36%
	92.00%	96.09%	88.54%

	2016 (1)	2015 (1)	2014 (1)
	$ 571,649	$ 574,081	$ 530,287
	(571,649)	(574,081)	(530,287)
	$ -	$ -	$ -
	$ 8,633,995	$ 8,487,483	$ 8,140,737
	6.62%	6.76%	6.51%

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	0.024161881%	0.025304408%	0.026007133%	0.027982633%
College's proportionate share of the HIS net pension liability	$ 2,703,473	$ 2,678,247	$ 2,780,803	$ 3,261,260
College's covered payroll (2)	$ 8,083,511	$ 8,264,851	$ 8,326,091	$ 8,633,995
College's proportionate share of the HIS net pension liability as a percentage of its covered payroll	33.44%	32.41%	33.40%	37.77%
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	$ 138,391	$ 134,186	$ 137,126	$ 138,213
HIS contributions in relation to the contractually required HIS contribution	(138,391)	(134,186)	(137,126)	(138,213)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll (2)	$ 8,336,824	$ 8,083,511	$ 8,264,851	$ 8,326,091
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%

(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)
0.027907297%	0.027404478%	0.027350474%
$ 2,846,105	$ 2,562,386	$ 2,381,218
$ 8,487,483	$ 8,140,737	$ 7,945,536
33.53%	31.48%	29.97%
0.50%	0.99%	1.78%

2016 (1)	**2015** (1)	**2014** (1)
$ 144,172	$ 106,679	$ 93,879
(144,172)	(106,679)	(93,879)
$ -	$ -	$ -
$ 8,633,995	$ 8,487,483	$ 8,140,737
1.67%	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 the total OPEB liability decreased from 3.87 percent to 3.50 percent, and the healthcare trend rate was reduced.

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.

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Phone: (850) 412-2722
Fax: (850) 488-6975

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

INDEPENDENT AUDITOR'S REPORT 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 Chipola 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 31, 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 31, 2021