

# FLORIDA INTERNATIONAL UNIVERSITY



**ANNUAL REPORT**  
**2022 - 2023**

## **BOARD OF TRUSTEES AND PRESIDENT**

During the 2022-23 fiscal year, Dr. Kenneth A. Jessell served as President of Florida International University and the following individuals served as Members of the Board of Trustees:

Dean C. Colson, JD, Chair

Rogelio Tovar, Vice Chair

Cesar L. Alvarez, JD

Dr. Jose J. Armas, MD

Dr. Deanne Butchey, from August 1, 2022 (1)

Carlos A. Duarte

Alan Gonzalez, from March 29, 2023 (2)

Francis A. Hondal, from March 29, 2023 (3)

Natasha Lowell

Cristhofer E. Lugo, through May 3, 2023 (4)

T. Gene Prescott

Dr. Joerg Reinhold through July 31, 2022 (1)

Chanel T. Rowe, JD

Marc D. Sarnoff, JD

Alexander P. Sutton, from May 3, 2023 (4)

Carlos Trujillo, JD, through January 10, 2023 (2)

Notes: (1) Faculty Senate Chair.

(2) Position remained vacant from January 10, 2023, through March 29, 2023.

(3) Position remained vacant from July 1, 2022, through March 29, 2023.

(4) Student Body President.



Parkview  
Hall

Tamiaml  
Hall

# FLORIDA INTERNATIONAL UNIVERSITY

## ANNUAL REPORT 2022-23

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## Message from the President



It has been a year of great achievement for Florida International University (FIU), a testament to the excellence of our students, the commitment of our faculty and staff, and the support of our alumni and community.

As we begin to wrap up 2023, here are some of the highlights that should make us all Panther proud.

As a Carnegie R1 (very high research activity) institution, FIU is focused on making an impact where it matters most – student success, research excellence, and community impact.

FIU continues its steady rise to the top. In September, FIU achieved its highest ranking ever in U.S. News. Our university is number 64 in the nation among public universities, jumping 64 spots among public universities and 91 spots overall in the past 10 years. In addition, FIU came in at number 12 for most innovative and number 9 for undergraduate teaching among public universities.

FIU also ranked number 2 in the nation for undergraduate international business for the fifth consecutive year.

Speaking of accolades, FIU has a Top 5 recognition: FIU ranked number 4 nationally among public universities by The Wall Street Journal. We also have a Top 10 recognition: Degree Choices ranked FIU number 8 nationally for students' return on investment, based on the cost of attending and the earnings a student can expect. And, we have a Top 20 recognition: FIU recently ranked 19<sup>th</sup> in universities across the nation - and first in Florida - by Washington Monthly for our commitment to social mobility, public service, and research.

Additionally, in June, FIU earned the highest score in the State University System according to the Florida Board of Governors performance-based funding (PBF) metrics.

Earlier this year, U.S. News and World Report ranked FIU Law No. 60 among the nation's law schools – and No. 32 among public schools. FIU Law is among the top three law schools in the state.

Our university is a major force in the State of Florida and a leader in research at the national level, with more than \$300 million in research.

None of it would be possible without the passion and hard work of our dedicated faculty and staff, our alumni, and our students. Together, we embody what it means to be a successful 21<sup>st</sup> century university.

We are FIU: Forward-thinking, Innovative, Unstoppable.

Sincerely,

A handwritten signature in black ink that reads "Kenneth A. Jessell". The signature is written in a cursive, flowing style.

Kenneth A. Jessell



## Introduction from the Senior Vice President and Chief Financial Officer



I am pleased to present Florida International University's 2022-23 Annual Financial Report. This report provides detailed financial information about FIU, its direct support organizations and the faculty group practice plan financial activities, results of operations, and financial position as of the fiscal year that ended June 30, 2023.

The Division of Finance and Administration prides itself on working together with leadership to strategically allocating its financial resources, providing accurate and timely reporting of financial information, and assisting in identifying new revenue opportunities and partnerships to support our educational mission and strategic goals. This fiscal year, FIU continued to excel, upholding our reputation as an educational beacon of hope in the state of Florida.

FIU achieved many triumphs this past fiscal year, highlighting our university's commitment to student success, research excellence and the creation of opportunities for our students, including:

- Proudly celebrating the university's 50th anniversary. FIU is an example of how the combination of dedication, perseverance, and dreams conquers all. The South Florida community commemorated this momentous milestone in style: there were billboards throughout town as well as advertisements in the Miami Herald, and countless buildings and landmarks displayed FIU's blue and gold colors.
- On November 9th, 2022, we welcomed our sixth president, Dr. Kenneth A. Jessell. Dr. Jessell has a wealth of experience in higher education, having served in many capacities in the State University System for over 40 years. As President, he is steadfastly committed to our students' success, research excellence, affinity, and engagement. In a recent communication to the university community, he stated: "FIU is on the rise and, together, we will continue to push boundaries, exceed expectations, and affect change in our community and around the world."
- FIU concluded the capital fundraising campaign, securing \$849.5 million in gifts and pledged commitments. This was the largest campaign in FIU history. FIU was also awarded \$64 million in federal funds to support our thriving research programs in health, engineering, technology innovation, defense, and environmental resilience.
- FIU opened a new research and briefing center in Washington, D.C., expanding student programs and courses offered in the Talent Lab at FIU in D.C. More than 120 FIU students intern in the nation's capital annually, and more than 800 participate in career fly-ins aimed at securing jobs and internships.
- FIU had a memorable year with regards to our capital investments, a key component of the University's legacy and the FIU story. Expansion continued on campus - the University invested over \$21 million in HVAC projects to improve the air quality and systems in the most critically needed buildings. FIU also completed an amazing residence hall for our students, Tamiami Hall, with over 670 new beds overlooking the FIU football stadium and featuring an extraordinary outdoor promenade. Speaking of the stadium, the much-needed catering kitchen was completed and the International Center for Tropical Botany, a beautiful research and education center adjacent to The Kampong in Coconut Grove, opened its doors. This facility features work areas, meeting



facilities, and research space to teach tropical botany courses at post-graduate levels and conduct research on thousands of tropical plant specimens collected from around the world. Lastly, there is great excitement around the anticipated completion of several projects, including the second School of International and Public Affairs building, a new Engineering building and the Trish and Dan Bell Chapel at MMC, among others.

FIU's financial operations and investments serve as the foundation that supports the university's core mission of educating students for successful careers and enabling faculty to conduct outstanding research aimed at addressing today's most pressing challenges. FIU remains committed to its ongoing pursuit of sustained excellence and being a top public university in the nation and the world.

Sincerely,

A handwritten signature in blue ink that reads "Aime Martinez". The signature is written in a cursive, flowing style.

Aime Martinez, CPA

Senior Vice President and Chief Financial Officer



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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Florida International University and of its aggregate discretely presented component units as of June 30, 2023, 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.

We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns as of June 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical

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

### ***Emphasis of Matter***

As discussed in Note 2. to the financial statements, the University adopted new accounting guidance Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is a change in accounting principle that addresses accounting and financial reporting for subscription-based information technology arrangements. This affects the comparability of amounts reported for the 2022-23 fiscal year with amounts reported for the 2021-22 fiscal year. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of University Contributions – Florida Retirement System Pension Plan**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, and **Schedule of University Contributions – Health Insurance Subsidy Pension Plan** be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for the other information included in this annual report. The other information comprises the Message from the President, and the Introduction from the Senior Vice President and Chief Financial Officer but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2024, on our consideration of the Florida International University'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 University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Florida International University's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large, sweeping initial "S".

Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 21, 2024  
Audit Report No. 2024-135

# FLORIDA INTERNATIONAL UNIVERSITY

## A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2023, 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 University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2023, and June 30, 2022.

### OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 35, the University'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 University and its component units. Based on the application of the criteria for determining component units, the following three component units are included within the University reporting entity as discretely presented component units:

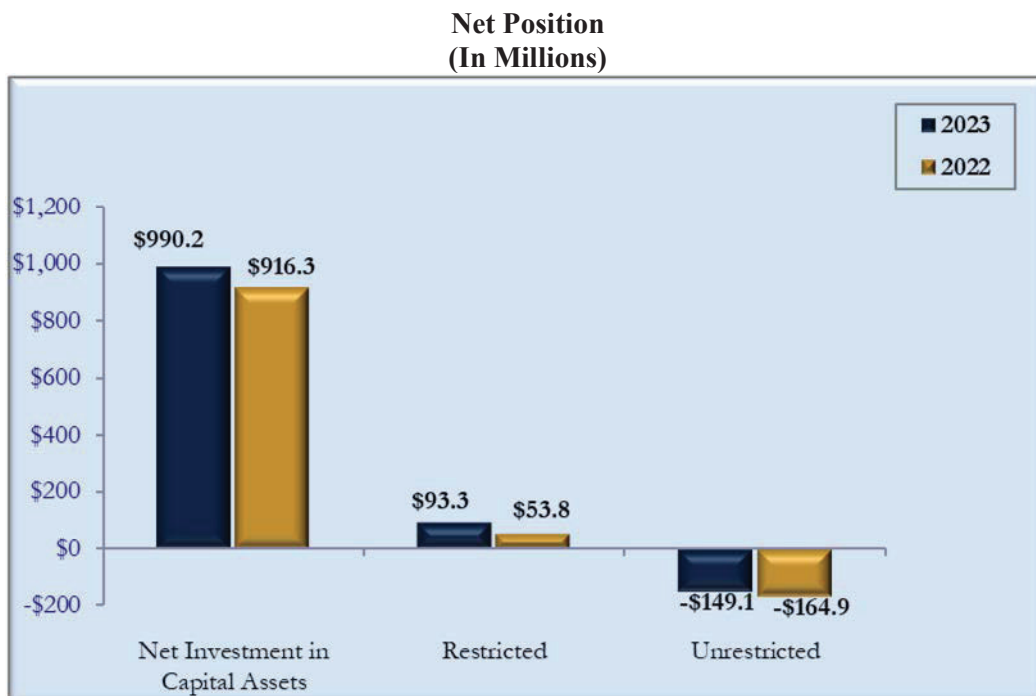
- Florida International University Foundation, Inc. (Foundation)
- FIU Athletics Finance Corporation (Finance Corporation)
- Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (Health Care Network)

Information regarding these component units, including summaries of the discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component units. For the component units, MD&A information is included in their separately issued audit reports.

### 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 University, using the accrual basis of accounting, and presents the financial position of the University 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 University's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition.

The University's comparative total net position by category for the fiscal years ended June 30, 2023, and June 30, 2022, is shown in the following graph:



# FLORIDA INTERNATIONAL UNIVERSITY

## A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

The following summarizes the University'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 Millions)

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current Assets	\$ 706.9	\$ 655.0
Capital Assets, Net	1,216.6	1,148.3
Other Noncurrent Assets	<u>33.4</u>	<u>37.4</u>
<b>Total Assets</b>	<u>1,956.9</u>	<u>1,840.7</u>
<b>Deferred Outflows of Resources</b>	<u>195.2</u>	<u>194.6</u>
<b>Liabilities</b>		
Current Liabilities	104.3	120.2
Noncurrent Liabilities	<u>893.1</u>	<u>799.4</u>
<b>Total Liabilities</b>	<u>997.4</u>	<u>919.6</u>
<b>Deferred Inflows of Resources</b>	<u>220.3</u>	<u>310.5</u>
<b>Net Position</b>		
Net Investment in Capital Assets	990.2	916.3
Restricted	93.3	53.8
Unrestricted	<u>(149.1)</u>	<u>(164.9)</u>
<b>Total Net Position</b>	<u>\$ 934.4</u>	<u>\$ 805.2</u>

Total assets as of June 30, 2023, increased by \$116.2 million, or 6.3 percent. This increase is primarily driven by a net increase in capital assets of \$68.3 million resulting from new construction activity and capitalization of Tamiami Hall housing facility, space leases, and information technology assets per implementation of GABS 96, *Subscription Based Information Technology Arrangements* (SBITA), along with an increase in receivables mainly from the State of Florida for new Capital Appropriations of \$44.3 million.

Total liabilities as of June 30, 2023, increased by \$77.8 million, or 8.5 percent. The increase was driven by a rise in the University's proportionate share of noncurrent pension liabilities of \$188.1 million which was partially offset by a decline in the noncurrent portion of other postemployment benefits of \$96.1 million and a decrease in accrued salaries and wages liabilities of \$16 million primarily due to the timing of pay periods surrounding fiscal year-end that affected resulting payroll accruals in comparison to the prior year.

Deferred outflows of resources increased by \$0.6 million from activity related to pensions and other postemployment benefits. Deferred inflows of resources decreased by \$90.2 million from activity related to pensions, other postemployment benefits and right-to-use leases.

As a result, the University's net position increased by \$129.2 million, or 16 percent, resulting in a fiscal year-end balance of \$934.4 million, which includes a deficit in unrestricted net position. This deficit is discussed further in the notes to the financial statements.

# FLORIDA INTERNATIONAL UNIVERSITY

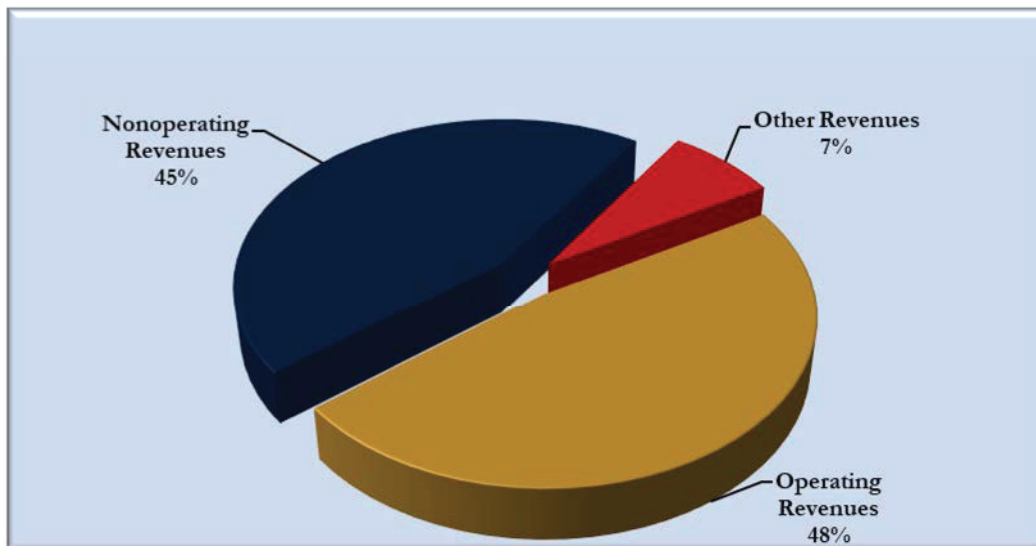
## A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

### THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the University'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 chart provides a graphical presentation of the University revenues by category for the 2022-23 fiscal year:

**Total Revenues**



The following summarizes the University's activity for the 2022-23 and 2021-22 fiscal years:

#### Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Years (In Millions)

	<u>2022-23</u>	<u>2021-22</u>
Operating Revenues	\$ 637.4	\$ 584.6
Less, Operating Expenses	<u>1,195.4</u>	<u>1,186.6</u>
<b>Operating Loss</b>	(558.0)	(602.0)
Net Nonoperating Revenues	<u>587.9</u>	<u>604.8</u>
<b>Income Before Other Revenues</b>	29.9	2.8
Other Revenues	<u>99.3</u>	<u>30.6</u>
<b>Net Increase in Net Position</b>	129.2	33.4
<b>Net Position, Beginning of Year</b>	<u>805.2</u>	<u>771.8</u>
<b>Net Position, End of Year</b>	<u><u>\$ 934.4</u></u>	<u><u>\$ 805.2</u></u>



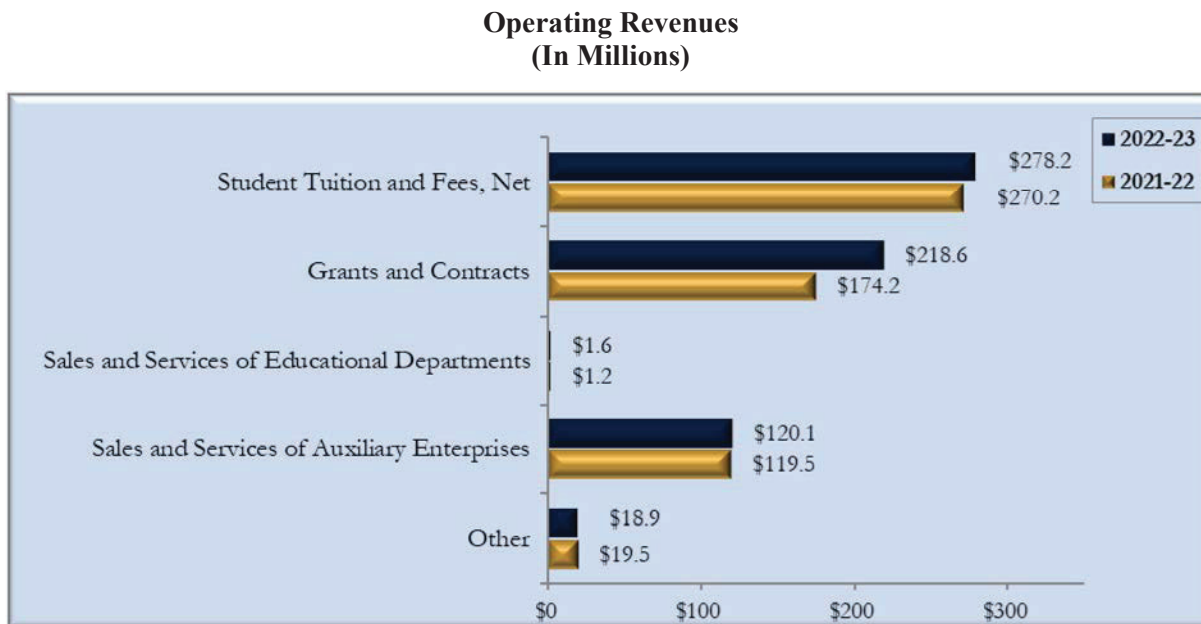
# FLORIDA INTERNATIONAL UNIVERSITY

## A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

### 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 chart presents the University's operating revenues for the 2022-23 and 2021-22 fiscal years:



The following summarizes the operating revenues by source that were used to fund operating activities for the 2022-23 and 2021-22 fiscal years:

**Operating Revenues  
For the Fiscal Years  
(In Millions)**

	<u>2022-23</u>	<u>2021-22</u>
Student Tuition and Fees, Net	\$ 278.2	\$ 270.2
Grants and Contracts	218.6	174.2
Sales and Services of Educational Departments	1.6	1.2
Sales and Services of Auxiliary Enterprises	120.1	119.5
Other	18.9	19.5
<b>Total Operating Revenues</b>	<b><u>\$ 637.4</u></b>	<b><u>\$ 584.6</u></b>

The University total operating revenues increased by \$52.8 million, or 9 percent, over the 2021-22 fiscal year. Operating revenue changes were the result of the following factors:

- Grants and contracts overall revenue increased \$44.4 million. Higher revenue from grants and contracts was generated mostly by Federal grants related to the Institution of Environment, Global Forensic and Justice Center, Center for Translational Science, Center for Internet Augmented Research and Assessment, Center for Children and Families, and the International Hurricane Center. Nongovernmental grants and contracts, particularly from private grants, private scholarships, and program income from the College of Medicine International Program with the American University of Antigua, also contributed to the revenue growth.

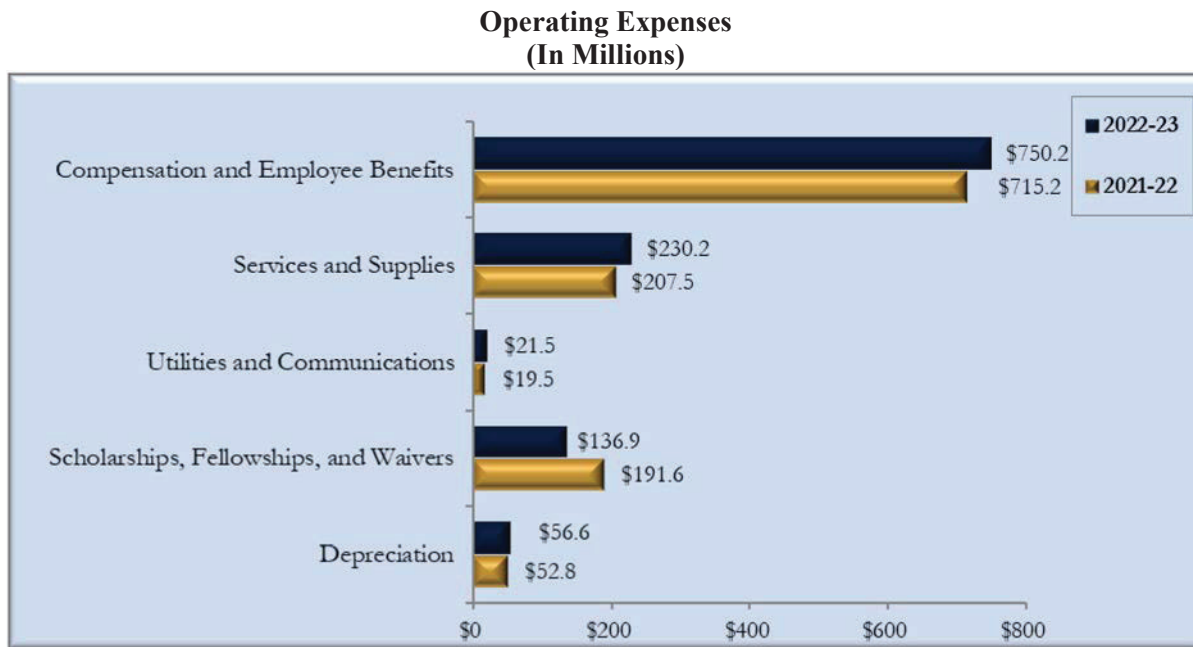
# FLORIDA INTERNATIONAL UNIVERSITY

## A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

### Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the University'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 University 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 chart presents the University's operating expenses for the 2022-23 and 2021-22 fiscal years:



The following summarizes the operating expenses by natural classification for the 2022-23 and 2021-22 fiscal years:

**Operating Expenses  
For the Fiscal Years  
(In Millions)**

	<u>2022-23</u>	<u>2021-22</u>
Compensation and Employee Benefits	\$ 750.2	\$ 715.2
Services and Supplies	230.2	207.5
Utilities and Communications	21.5	19.5
Scholarships, Fellowships, and Waivers	136.9	191.6
Depreciation	56.6	52.8
<b>Total Operating Expenses</b>	<b><u>\$ 1,195.4</u></b>	<b><u>\$ 1,186.6</u></b>

Changes in operating expenses were primarily the result of the following factors:

- Compensation and employee benefits increased \$35 million, or 4.9 percent. Higher expenses primarily resulted from a \$31.2 million increase in pension expense related to the University's proportionate share from the Florida Retirement System and a \$3.4 million increase in State Retirement due to increases in the FRS Employer Contribution Rates across all employee classes.

# FLORIDA INTERNATIONAL UNIVERSITY

## A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

- ▶ Services and supplies expenses increased \$22.7 million, or 10.9 percent. The increase is essentially driven by the following factors: a continued upswing in travel expenses of \$7.2 million to pre-pandemic levels, \$3.6 million in subcontracts for projects in the Center for Translational Science and Center for Internet Augmented Research and Assessment, \$3.2 million in professional fees for various research projects as well as the SOBE Wine and Food Festival, \$2.9 million in incremental computer equipment in support of classroom IT projects and other IT projects, and \$1.9 million in management fees related to clinical services.
- ▶ Scholarship, fellowship, and waiver expenses decreased by \$54.7 million, or 28.5 percent, mostly from a \$62.8 million decline in scholarships and stipends funding from the American Rescue Plan that was no longer available as it had been used in prior years. This decrease was partially offset by an \$8 million increase from other scholarships, stipends and waivers funded from other sources.
- ▶ Depreciation and amortization expense increased by \$3.8 million, or 7.2 percent. The higher expenses resulted from the capitalization of depreciable assets, the most prevalent being the new Tamiami Hall housing facility along with additional amortization of assets capitalized as part of the implementation of GASB 96 SBITAs, which required capitalization of certain subscription-based information technology arrangements.

### Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, noncapital grants, contracts, and gifts, 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 University's nonoperating revenues and expenses for the 2022-23 and 2021-22 fiscal years:

#### Nonoperating Revenues (Expenses) For the Fiscal Years (In Millions)

	<u>2022-23</u>	<u>2021-22</u>
State Noncapital Appropriations	\$ 362.1	\$ 346.5
Federal and State Student Financial Aid	182.7	241.9
Noncapital Grants, Contracts, and Gifts	35.1	27.2
Investment (Loss)/Income	16.1	(23.8)
Other Nonoperating Revenues	4.5	31.4
Loss on Disposal of Capital Assets	(0.7)	(0.5)
Interest on Capital Asset-Related Debt	(7.4)	(7.2)
Other Nonoperating Expenses	<u>(4.5)</u>	<u>(10.7)</u>
<b>Net Nonoperating Revenues</b>	<b><u>\$ 587.9</u></b>	<b><u>\$ 604.8</u></b>

Net nonoperating revenues decreased by \$16.9 million, or 2.8 percent, from the 2021-22 fiscal year. Net nonoperating revenues changes were due mainly to the following factors:

- ▶ State noncapital appropriations increased \$15.6 million, mainly due to the following: \$7.4 million for Nursing Education programs, \$5 million for operational support, and \$2.8 million for programs of strategic emphasis waiver.
- ▶ Federal and State student financial aid decreased by \$59.2 million, since most of the funding from the American Rescue Plan was used in prior years, this decrease was partially offset by a slight increase in Pell and Bright Futures.
- ▶ Noncapital grants, contracts, and gifts increased by \$7.9 million from revenue received from direct support organizations to the University for reimbursement of applicable expenses.

# FLORIDA INTERNATIONAL UNIVERSITY

## A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

- Investment income increased by \$39.9 million in large part due to unrealized gains resulting from improved investment performance across all asset classes except commodities and an increase in interest due to higher interest rates, these increases were mitigated by lower realized gains in private market investments and realized losses in bond investments.
- Other nonoperating revenue decreased by \$26.9 million essentially driven by a \$28.4 million reduction in Higher Education Emergency Relief (HEERF) funds for lost revenues for auxiliaries since most of this funding was used in prior years, this decrease was partially offset by an increase in Linking Industry to Nursing Education (LINE) funds.
- Other nonoperating expenses decreased \$6.2 million mostly due to a \$4.4 million reduction in the amount of discharged student debts and \$2 million reduction in the lost revenue payments made to the Bayview dormitory partner.

### Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, and donations.

The following summarizes the University's other revenues for the 2022-23 and 2021-22 fiscal years:

#### Other Revenues For the Fiscal Years (In Millions)

	<u>2022-23</u>	<u>2021-22</u>
State Capital Appropriations	\$ 69.8	\$ -
Capital Grants, Contracts, and Donations	<u>29.5</u>	<u>30.6</u>
<b>Total</b>	<u><u>\$ 99.3</u></u>	<u><u>\$ 30.6</u></u>

Total other revenues increased by \$68.7 million, or 224.5 percent, mostly due to an increase of \$69.8 million in revenue earned from State capital appropriations for construction projects as compared to the 2021-22 fiscal year. This increase was partially offset by a decrease of \$1.1 million in capital grants, contracts, and donations.

### THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the University'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 University. 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.

# FLORIDA INTERNATIONAL UNIVERSITY

## A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

The following summarizes cash flows for the 2022-23 and 2021-22 fiscal years:

	<u>2022-23</u>	<u>2021-22</u>
Cash Provided (Used) by:		
Operating Activities	\$ (506.4)	\$ (532.4)
Noncapital Financing Activities	580.1	636.7
Capital and Related Financing Activities	(79.9)	(100.4)
Investing Activities	<u>(21.5)</u>	<u>4.9</u>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	(27.7)	8.8
Cash and Cash Equivalents, Beginning of Year	<u>84.6</u>	<u>75.8</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 56.9</u>	<u>\$ 84.6</u>

Major sources of funds came from proceeds from sales and maturities of investments \$1 billion, State noncapital appropriations \$362 million, net student tuition and fees \$278.1 million, grants and contracts \$235.6 million, Federal Direct Loan program receipts \$217.5 million, Federal and State student financial aid \$182.6 million, and sales and services of auxiliary enterprises \$117.8 million. Major uses of funds were for purchases of investments \$1 billion, payments to employees \$765.8 million, payments to suppliers \$257 million, disbursements to students for Federal Direct Loan program \$217 million, payments to and on behalf of students for scholarships and fellowships \$136.9 million, and purchases of capital assets \$115.5 million.

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

#### Capital Assets

At June 30, 2023, the University had \$2 billion in capital assets, less accumulated depreciation/amortization of \$829.3 million, for net capital assets of \$1.2 billion. Depreciation for the current fiscal year totaled \$56.6 million. As a result of the implementation of GASB 96, SBITA during the fiscal year 2022-23 SBITA arrangements and related amortization were included in capital assets.

# FLORIDA INTERNATIONAL UNIVERSITY

## A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

The following summarizes the University's capital assets, net of accumulated depreciation, at June 30:

	<b>Capital Assets, Net at June 30</b>	
	<b>(In Millions)</b>	
	<u>2023</u>	<u>2022</u>
Land	\$ 32.8	\$ 32.8
Works of Art and Historical Treasures	11.4	10.7
Construction in Progress	199.3	248.8
Buildings	821.4	723.1
Infrastructure and Other Improvements	40.7	30.9
Furniture and Equipment	60.9	52.5
Library Resources	11.3	14.5
Computer Software	0.4	0.5
Right-to-Use Space Lease	32.5	33.2
Right-to-Use Equipment Lease	0.8	1.3
Subscription-Based Information Technology Arrangements	5.1	-
<b>Capital Assets, Net</b>	<u>\$ 1,216.6</u>	<u>\$ 1,148.3</u>

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

### Capital Expenses and Commitments

Major capital expenses during the fiscal year ended June 30, 2023, were incurred on the following projects: \$37.1 million for Auxiliary Construction Projects, \$21.5 million for Engineering Building Phases I and II, \$9 million for SIPA Phase II, \$4.1 million for the East Loop Road Realignment, \$3.6 million for Tamiami Hall, and \$3.1 million for Deferred Building Maintenance.

The University's construction commitments at June 30, 2023, are as follows:

	<b>Amount</b>
	<b>(In Millions)</b>
Total Committed	\$ 349.1
Completed to Date	<u>(199.3)</u>
<b>Balance Committed</b>	<u>\$ 149.8</u>

Additional information about the University's construction commitments is presented in the notes to financial statements.

### Debt Administration

As of June 30, 2023, the University had \$228.9 million in outstanding capital improvement debt payable, leases payable, and SBITA liability, representing a decrease of \$3.7 million, or 1.6 percent, from the prior fiscal year.

The following summarizes the outstanding long-term debt at June 30:

	<b>Long-Term Debt, at June 30</b>	
	<b>(In Millions)</b>	
	<u>2023</u>	<u>2022</u>
Capital Improvement Debt	\$ 189.7	\$ 197.4
Leases Payable	34.0	35.2
SBITA Liability	5.2	-
<b>Total</b>	<u>\$ 228.9</u>	<u>\$ 232.6</u>

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

# **FLORIDA INTERNATIONAL UNIVERSITY**

## **A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

At the close of fiscal year 2022-23, Florida's gross domestic growth (GDP) recorded a commendable three percent growth when compared to the fiscal year 2021-22. The latest economic projections paint a lower but steady growth of 2.5 to 1.7 percent in the coming years. Despite the lower GDP growth, state reserves are anticipated to be \$13.6 billion for the fiscal year 2023-24, or 29.8 percent of general revenue estimates. Florida, like the rest of the United States, is facing economic challenges driven by inflation. This robust fiscal position places Florida favorably to address economic fluctuations while mitigating unplanned incidents.

The 2023 Florida Legislative session ended on May 5, 2023, and the Governor approved the fiscal year 2023-24, General Appropriations Act (Senate Bill 2500) on June 15, 2023. FIU received \$419.9 million in operating state appropriations in the fiscal year 2023-24, which is an additional \$61.9 million or 17.3 percent over the prior year. The main components of the increase are \$35 million of operational support of which \$25 million is a recurring allocation and \$10 million is non-recurring; \$17.5 million non-recurring appropriation for Performance Based Recruitment and Retention Incentives specifically for faculty; \$6.6 million of Performance Funding which is FIU's proportional share of the state investment of \$350 million; \$5 million for the Adam Smith Center for the Study of Economic Freedom; increase of \$0.2 million for the Florida Public Hurricane Loss Model; increase of \$0.1 million in pass-through funds for risk management insurance premium; \$0.5 million reduction for the Nursing Education (PIPELINE) program; and a reduction of \$2 million for the prior year non-recurring appropriation for the Clinical Laboratory Improvement Amendments (CLIA Laboratory). Consistent with prior years, tuition and fees remain unchanged at all levels. FIU also received capital appropriations of \$15.2 million for the Engineering Building Phase II; \$5 million for the Herbert Wertheim College of Medicine Academic Health Sciences/Clinical Facility; \$11 million for the Honors College; and \$6 million for various other projects such as Modesto A. Maidique Campus Aquatic Center, soccer and track stadium, and a recreation field support building.

During the fiscal year 2019-20, FIU received \$245 million under the Federal Higher Education Emergency Relief Fund (HEERF) grant program to offset higher expenses and lost revenues due to the COVID-19 pandemic. The HEERF funds were received under three separate acts: the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan (ARP) Act. The funding awards were in three areas: Emergency Financial Aid Grants to Students, \$101 million; Institutional funds, \$129 million; and Minority Serving Institutions (MSI) funds, \$15 million. At the end of the fiscal year 2022-23, FIU had fully expended the Emergency Financial Aid Grants to Students and Minority Serving Institutions awards and had an unexpended balance of \$6.5 million on the institutional funds committed for expenditures impacted by supply chain issues. The Federal government granted FIU a no-cost extension which extended the period of performance of the institutional funds to June 30, 2024. Those committed projects will be completed prior to the end of the next fiscal year.

FIU continues to be recognized for excellence. Within the State University System (SUS), FIU secured the highest score in the Florida Board of Governors performance-based funding (PBF) metrics, demonstrating performance excellence in student outcomes, accessibility, and cost-effectiveness. FIU has ranked in the top three universities in the state in the past three years, with the highest score ever in performance funding history - 99 points - in 2021. It comes on the heels of Florida being named the No. 1 state for higher education by U.S. News and World Report for the seventh year running. FIU consistently provides students a great return on investment and an excellent university experience. FIU is indeed forward-thinking, innovative, and unstoppable.

### **REQUESTS FOR INFORMATION**

Questions concerning information provided in the MD&A or other required supplemental information, the financial statements, and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer and Senior Vice President for Finance and Administration, Aime Martinez, at Florida International University, 11200 Southwest 8th Street, Miami, Florida 33199.

# FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

STATEMENT OF NET POSITION

AS OF JUNE 30, 2023

	<u>University</u>	<u>Component Units</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 54,610,614	\$ 23,417,394
Investments	452,624,329	1,457,581
Accounts Receivable, Net	52,021,255	12,943,827
Loans and Notes Receivable, Net	118,139	-
Leases Receivable	570,283	549,734
Due from State	129,321,787	-
Due from Component Units/University	9,554,927	4,350,633
Inventories	581,030	-
Other Current Assets	7,469,353	1,918,906
<b>Total Current Assets</b>	<u>706,871,717</u>	<u>44,638,075</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	2,322,404	-
Restricted Investments	27,933,994	395,968,663
Loans and Notes Receivable, Net	592,591	12,876,948
Leases Receivable	1,683,436	4,561,117
Depreciable/Amortizable Capital Assets, Net	973,125,858	4,177,253
Nondepreciable Capital Assets	243,476,029	3,555,558
Due from Component Units	852,241	-
Other Noncurrent Assets	-	11,628,075
<b>Total Noncurrent Assets</b>	<u>1,249,986,553</u>	<u>432,767,614</u>
<b>Total Assets</b>	<u>1,956,858,270</u>	<u>477,405,689</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	87,039,584	-
Pensions	108,140,574	-
Deferred Amount on Bond Debt Refundings	-	146,418
<b>Total Deferred Outflows of Resources</b>	<u>195,180,158</u>	<u>146,418</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	27,340,649	680,756
Construction Contracts Payable	12,575,956	-
Salaries and Wages Payable	7,679,101	-
Deposits Payable	1,575,314	-
Due to State	249,488	-
Due to Component Units/University	4,350,633	9,554,927
Unearned Revenue	22,307,753	264,090
Other Current Liabilities	1,466,858	117,352
Long-Term Liabilities - Current Portion		
Bonds Payable	-	1,730,000
Capital Improvement Debt Payable	8,276,528	-
Leases Payable	5,729,113	-
Subscription Arrangements Liability	1,002,763	-
Compensated Absences Payable	4,943,115	-
Liability for Self-Insured Claims	1,355	-
Other Postemployment Benefits Payable	6,729,694	-
<b>Total Current Liabilities</b>	<u>104,228,320</u>	<u>12,347,125</u>



**FLORIDA INTERNATIONAL UNIVERSITY**

A COMPONENT UNIT OF THE STATE OF FLORIDA

STATEMENT OF NET POSITION (CONTINUED)

AS OF JUNE 30, 2023

	<u>University</u>	<u>Component Units</u>
<b>LIABILITIES (Continued)</b>		
Noncurrent Liabilities:		
Bonds Payable	-	19,360,000
Capital Improvement Debt Payable	181,466,662	-
Leases Payable	28,308,578	-
Subscription Arrangements Liability	4,197,484	-
Compensated Absences Payable	50,841,955	-
Due to University	-	852,241
Other Postemployment Benefits Payable	255,697,138	-
Unearned Revenue	71,599,636	-
Liability for Self-Insured Claims	220,832	-
Other Long-Term Liabilities	637,375	1,258,116
Net Pension Liability	300,144,585	-
<b>Total Noncurrent Liabilities</b>	<u>893,114,245</u>	<u>21,470,357</u>
<b>Total Liabilities</b>	<u>997,342,565</u>	<u>33,817,482</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	207,499,936	-
Pensions	10,613,136	-
Leases	2,196,924	4,968,342
Accumulated Increases in Fair Value of Hedging Derivatives	-	179,954
<b>Total Deferred Inflows of Resources</b>	<u>220,309,996</u>	<u>5,148,296</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	990,168,801	7,246,756
Restricted for Nonexpendable:		
Endowment	-	205,118,328
Restricted for Expendable:		
Debt Service	62,041	-
Loans	1,916,964	-
Capital Projects	69,109,677	-
Other	22,218,459	167,324,876
Unrestricted	(149,090,075)	58,896,369
<b>TOTAL NET POSITION</b>	<u>\$ 934,385,867</u>	<u>\$ 438,586,329</u>

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

**FLORIDA INTERNATIONAL UNIVERSITY**

**A COMPONENT UNIT OF THE STATE OF FLORIDA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>University</u>	<u>Component Units</u>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$190,335,435	\$ 278,196,140	\$ -
Federal Grants and Contracts	173,197,882	-
State and Local Grants and Contracts	14,812,256	-
Nongovernmental Grants and Contracts	30,564,556	-
Sales and Services of Educational Departments	1,552,180	-
Sales and Services of Auxiliary Enterprises	120,136,308	-
Sales and Services of Component Units	-	2,730,044
Gifts and Donations	-	39,308,730
Other Operating Revenues	18,941,080	7,636,852
<b>Total Operating Revenues</b>	<u>637,400,402</u>	<u>49,675,626</u>
<b>EXPENSES</b>		
Operating Expenses:		
Compensation and Employee Benefits	750,195,726	-
Services and Supplies	230,217,919	66,831,077
Utilities and Communications	21,471,796	333,419
Scholarships, Fellowships, and Waivers	136,844,791	-
Depreciation	56,601,243	210,710
Self-Insurance Claims	44,147	-
<b>Total Operating Expenses</b>	<u>1,195,375,622</u>	<u>67,375,206</u>
<b>Operating Loss</b>	<u>(557,975,220)</u>	<u>(17,699,580)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Noncapital Appropriations	362,047,821	-
Federal and State Student Financial Aid	182,648,658	-
Noncapital Grants, Contracts, and Gifts	35,079,589	-
Investment Income	16,146,050	32,214,846
Other Nonoperating Revenues	4,542,689	14,168,929
Loss on Disposal of Capital Assets	(721,025)	-
Interest on Capital Asset-Related Debt	(7,414,455)	(823,350)
Other Nonoperating Expenses	(4,466,607)	(2,388,010)
<b>Net Nonoperating Revenues</b>	<u>587,862,720</u>	<u>43,172,415</u>
<b>Income Before Other Revenues</b>	29,887,500	25,472,835
State Capital Appropriations	69,752,819	-
Capital Grants, Contracts, and Donations	29,543,879	-
Other Expenses	-	(679,637)
<b>Increase in Net Position</b>	129,184,198	24,793,198
Net Position, Beginning of Year	805,201,669	413,793,131
<b>Net Position, End of Year</b>	<u>\$ 934,385,867</u>	<u>\$ 438,586,329</u>

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

**FLORIDA INTERNATIONAL UNIVERSITY**

A COMPONENT UNIT OF THE STATE OF FLORIDA

**STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>University</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student Tuition and Fees, Net	\$ 278,073,063
Grants and Contracts	235,645,177
Sales and Services of Educational Departments	1,552,180
Sales and Services of Auxiliary Enterprises	117,836,150
Interest on Loans and Notes Receivable	(96,027)
Payments to Employees	(765,787,186)
Payments to Suppliers for Goods and Services	(256,988,344)
Payments to Students for Scholarships and Fellowships	(136,844,791)
Payments on Self-Insured Claims	(49,014)
Loans Issued to Students	(1,430,637)
Collection on Loans to Students	1,851,913
Other Operating Receipts	19,857,851
<b>Net Cash Used by Operating Activities</b>	<u>(506,379,665)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Noncapital Appropriations	362,047,821
Federal and State Student Financial Aid	182,648,658
Noncapital Grants, Contracts, and Gifts	34,246,164
Federal Direct Loan Program Receipts	217,459,707
Federal Direct Loan Program Disbursements	(216,967,926)
Net Change in Funds Held for Others	295,470
Other Nonoperating Receipts	2,156,960
Other Nonoperating Disbursements	(1,706,672)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>580,180,182</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
State Capital Appropriations	26,713,679
Capital Grants, Contracts, and Donations	28,601,773
Other Receipts for Capital Projects	1,844,072
Capital Subsidies and Transfers	(483,012)
Purchase or Construction of Capital Assets	(115,496,561)
Principal Paid on Capital Debt and Leases	(13,295,879)
Interest Paid on Capital Debt and Leases	(8,318,491)
Principal Received on Capital Debt and Leases	454,452
Interest Received on Capital Debt and Leases	60,079
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(79,919,888)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales and Maturities of Investments	1,015,771,230
Purchase of Investments	(1,045,596,830)
Investment Income	8,295,524
<b>Net Cash Used by Investing Activities</b>	<u>(21,530,076)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(27,649,447)
Cash and Cash Equivalents, Beginning of Year	84,582,465
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 56,933,018</u>

**FLORIDA INTERNATIONAL UNIVERSITY**

A COMPONENT UNIT OF THE STATE OF FLORIDA

## STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

University**RECONCILIATION OF OPERATING LOSS  
TO NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (557,975,220)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	56,601,243
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	10,614,786
Inventories	72,987
Other Assets	(865,087)
Accounts Payable	(4,233,048)
Salaries and Wages Payable	(15,955,912)
Deposits Payable	(3,683,311)
Compensated Absences Payable	(752,850)
Other Postemployment Benefits Payable	(95,760,281)
Unearned Revenue	8,684,311
Liability for Self-Insured Claims	(4,867)
Pension Liability	187,734,947
Deferred Outflows of Resources Related to Other Postemployment Benefits	20,543,380
Deferred Outflows of Resources Related to Pensions	(21,078,573)
Deferred Inflows of Resources Related to Other Postemployment Benefits	68,737,195
Deferred Inflows of Resources Related to Pensions	<u>(159,059,365)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u><u>\$ (506,379,665)</u></u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND  
CAPITAL FINANCING ACTIVITIES**

Unrealized gains on investments were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	<u>\$ 7,681,418</u>
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	<u>\$ (721,025)</u>
Donations of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	<u>\$ 1,557,895</u>
The Division of Bond Finance issued \$24,835,000 of Capital Improvement Parking Revenue Refunding Bonds, Series 2023A, to refund \$26,885,000 of outstanding Capital Improvement Parking Revenue Bonds, Series 2013A. The new debt and defeasance of the old debt were recorded as an increase and a decrease, respectively, to capital improvement debt payable on the statement of net position; however, because the proceeds of the new debt were immediately placed into an irrevocable trust for the defeasance of the Series 2013A debt, the transaction did not affect cash and cash equivalents.	<u>\$ 2,050,000</u>

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

# FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors' Regulations, and selecting the University President. The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees.

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 primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activities are reported in the State's Annual Comprehensive Financial Report by discrete presentation.

### Discretely Presented Component Units

Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) are included within the University reporting entity as discretely presented component units. These legally separate, not-for-profit corporations are organized and operated to assist the University in achieving excellence by providing supplemental resources from private gifts and bequests, and valuable education support services and are governed by separate boards. Florida Statutes authorizes these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University.

These organizations and their purposes are explained as follows:

- Florida International University Foundation, Inc. (Foundation) – The purpose of the Foundation is to encourage, solicit, receive, and administer gifts and bequests of property and funds for the advancement of the University and its objectives.
- FIU Athletics Finance Corporation (Finance Corporation) – The purpose of the Finance Corporation includes the support to the University in matters pertaining to the financing of the University's football stadium and, subsequently, the management and operation of the facility.
- The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (Health Care Network) - The purpose of the Health Care Network is to improve and support health education at the University.

The financial activities of the Florida International University Research Foundation, Inc. (Research Foundation) are not included in the University's financial statements. The purpose of the Research Foundation includes the promotion and encouragement of, and assistance to, the research and training activities of faculty, staff, and students of the University. It receives income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products. The total assets and operating revenues related to the Research Foundation are \$416,319 and \$34, respectively. The amounts represent less than one percent of the total aggregate component units' assets and operating revenues.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual report is submitted to the Auditor General and the University Board of Trustees. Additional information on the University's component units, including copies of audit reports, is available by contacting the University Controller's Office. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

# FLORIDA INTERNATIONAL UNIVERSITY

## A COMPONENT UNIT OF THE STATE OF FLORIDA

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

#### **Basis of Presentation**

The University'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 University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University 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, and 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 University'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 University follows GASB standards of accounting and financial reporting.

The University's discretely presented component units use the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, and follow GASB standards of accounting and financial reporting.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been eliminated from revenues and expenses for reporting purposes.

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of capital assets, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income (net of unrealized gains or losses on investments). Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University'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 University and the amount that is actually paid by the student or the third-party making payment on behalf of the student. The University applied "The Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, on a ratio of total aid to the aid not considered third-party aid.

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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**

Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by the Federal Depository Insurance Corporation (FDIC), 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.

#### **Concentration of Credit Risk – Component Units**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents in banks, investments, and promises to give.

Financial instruments that potentially subject the Finance Corporation to concentration of credit risk consist principally of cash in banks and investments.

In addition to insurance provided by the FDIC, the Foundation, the Finance Corporation, and the Health Care Network deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution, eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits, with the exception noted above, are insured or collateralized with securities held by the entity or its agent in the entity's name.

#### **Capital Assets**

University capital assets consist of land, works of art and historical treasures, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, leasehold improvements, right-to-use lease assets, subscription-based information technology arrangements assets, and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$250 for library resources, \$5,000 for tangible personal property, and \$100,000 for new buildings, leasehold improvements, and other improvements. Depreciation and amortization are computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 15 years
- Furniture and Equipment – 3 to 20 years
- Library Resources – 10 years
- Leasehold Improvements – Various based on lease terms
- Right-to-Use Lease Assets – Various based on lease terms
- Subscription-Based Information Technology Arrangements Assets – Various based on lease terms
- Computer Software – 5 years

Depreciable assets of the Foundation are stated at cost and are net of accumulated depreciation of \$2,246,735. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to 40 years.

Depreciable assets of the Finance Corporation are stated at cost and are net of accumulated depreciation of \$109,500. Depreciation is provided using the straight-line method over the estimated useful lives of five years for the assets.

# FLORIDA INTERNATIONAL UNIVERSITY

## A COMPONENT UNIT OF THE STATE OF FLORIDA

### NOTES TO FINANCIAL STATEMENTS

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Depreciable assets of the Health Care Network are stated at cost and are net of accumulated depreciation of \$529,624. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to 15 years.

#### Leases

The University determines if an arrangement is a lease at inception.

Lessor arrangements are included in lease receivables and deferred inflows of resources in the statement of net position. Lease receivables represent the University's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at the commencement date of the lease based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term. Deferred inflows of resources related to leases are recognized at the commencement of the lease based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease that relate to future periods, less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease. Deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the term of the lease. Short-term leases, defined as leases with a lease term of 12 months or less are recorded as revenue when the payments are received and are not included as lease receivable or deferred inflows on the statement of net position.

Lease assets represent the University's control of right-to-use an asset for the lease term, as specified in the lease contract, which is an exchange or exchange-like transaction. Lessee arrangements are included in the statement of net position as lease assets and lease liabilities. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before commencement of the lease and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the asset.

Lease liabilities represent the University's obligation to make lease payments arising from the lease agreement. Lease liabilities are recognized at the commencement date of the lease based on the present value of the expected lease payments, less any lease incentives. Interest expense is recognized ratably over the lease term. The lease term may include options to extend or terminate when it is reasonably certain that the University will exercise the option. Short-term leases, defined as leases with a term of 12 months or less are recognized as expenses as incurred and are not included as lease liabilities or right-to-use assets in the statement of net position.

#### Noncurrent Liabilities

Noncurrent liabilities include capital improvement debt payable, leases payable, subscription arrangements liability, compensated absences payable, other postemployment benefits payable, unearned revenues, liability for Self-Insured Claims, other long-term liabilities, and net pension liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premiums and deferred losses on refunding. The University amortizes debt premiums over the life of the debt using the straight-line method. Deferred losses on refunding are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method.

#### Pensions

For purposes of measuring the net pension liabilities, 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 the 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.



# FLORIDA INTERNATIONAL UNIVERSITY

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## 2. NEWLY IMPLEMENTED ACCOUNTING STANDARDS

The University and its DSOs' implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), which seeks to improve the accounting and reporting for subscription-based contracts for vendor-provided information technology (IT), by requiring the recognition of certain subscription-based information technology assets and subscription arrangement liabilities for IT arrangements that provide governments with access to vendor IT software and associated tangible capital assets without granting governments perpetual license or title to the IT software and associated tangible capital assets. Prior to the issuance of GASB 96, there was no accounting or financial reporting guidance for SBITAs. Under this Statement, a government is required to recognize a subscription arrangement liability and an intangible SBITA asset. This Statement substantially impacts the University's SBITA accounting and reporting. Previously, SBITA were recorded as operating expenses in the statement of revenues, expenses and changes in net position. Refer to the related footnotes for discussion of the underlying SBITAs.

## 3. DEFICIT NET POSITION IN INDIVIDUAL FUNDS

The University reported an unrestricted net position which included a deficit in the current funds - unrestricted as shown below.

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (507,663,233)
Auxiliary Funds	358,573,158
<b>Total</b>	<u><u>\$ (149,090,075)</u></u>

As shown in the following schedule, 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 that are expected to be paid over time and financed by future appropriations:

	<u>Amount</u>
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources	\$ 485,092,094
Amount Expected to be Financed in Future Years:	
Compensated Absences Payable	\$ 48,677,838
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	382,887,184
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	<u>202,617,147</u>
Total Amount Expected to be Financed in Future Years	<u>(634,182,169)</u>
<b>Total Unrestricted Net Position</b>	<u><u>\$ (149,090,075)</u></u>

## 4. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The University's Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open end or closed end management type investment companies; and other investments approved by the University's Board of Trustees as authorized by law.

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

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

The University's recurring fair value measurements as of June 30, 2023 for SBA debt service accounts, certain corporate equities and certain fixed income and bond mutual funds are valued using quoted market prices (Level 1 inputs), certain corporate equities and certain fixed income and bonds, and commodities which are valued using a matrix pricing model (Level 2 inputs), investments with the State Treasury which are valued based on the University's share of the pool, investments in bank loans (fixed income), and other investments (Level 3 inputs), and investments in limited partnerships and private equities which are valued based on net asset value (NAV). The University's investment in money market funds are reported at amortized cost of \$121,824,616 according to GASB Statement No. 72.

The University's investments at June 30, 2023, are reported at fair value, as follows:

<b><u>Investments by Fair Value Level</u></b>	<b><u>Amount</u></b>	<b><u>Fair Value Measurement Using</u></b>		
		<b><u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u></b>	<b><u>Significant Other Observable Inputs (Level 2)</u></b>	<b><u>Significant Unobservable Inputs (Level 3)</u></b>
External Investment Pool				
State Treasury Special Purpose Investment Account	\$ 4,560,791	\$ -	\$ -	\$ 4,560,791
SBA Debt Service Accounts	61,962	61,962	-	-
Mutual Funds				
Equities	37,686,946	15,515,862	22,171,084	-
Fixed Income and Bond Mutual Funds	231,404,757	87,639,510	127,803,075	15,962,172
Commodities	16,257,383	-	16,257,383	-
Other Investments	12,142,681	-	-	12,142,681
<b>Total Investments by Fair Value Level</b>	<b><u>302,114,520</u></b>	<b><u>\$ 103,217,334</u></b>	<b><u>\$ 166,231,542</u></b>	<b><u>\$ 32,665,644</u></b>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Mutual Funds				
Limited Partnerships	47,724,637			
Equities	8,894,550			
<b>Total Investments Measured at the NAV</b>	<b><u>56,619,187</u></b>			
<b>Total Investments Measured at Fair Value</b>	<b><u>\$ 358,733,707</u></b>			

The valuation method for investments measured at the NAV per share (or its equivalent) is presented in the following table:

<b><u>Investments Measured at the NAV</u></b>	<b><u>Fair Value</u></b>	<b><u>Unfunded Commitments</u></b>	<b><u>Redemption Frequency (if Currently Eligible)</u></b>	<b><u>Redemption Notice Period</u></b>
Mutual Funds				
Limited Partnerships	\$ 47,724,637	\$ -	Quarterly/Annually	90 Days
Equities	8,894,550	2,926,642	Illiquid	N/A
<b>Total Investments Measured at the NAV</b>	<b><u>\$ 56,619,187</u></b>			

# FLORIDA INTERNATIONAL UNIVERSITY

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Limited Partnerships: This category includes investments in a fund that invests in a portfolio of limited partnerships. The managers pursue multiple strategies to diversify risk and reduce volatility. The fair values of the investments have been determined by using the NAV per share of the investments. Redemption requests are received quarterly and require a 90-day written notice. Proceeds of the redemption, up to 90 percent, are available 17 business days after the redemption. The remaining 10 percent of the funds, in a complete liquidation, are available on the first week of April, after the redemption.

Equities: This category includes investments in two private equity funds. Each fund invests in equity securities and debt of the private companies or conduct buyouts of public companies that result in a delisting of public equity. The nature of the investment in this category prohibits redemptions through the duration of the partnerships. Distributions are received through the liquidation of underlying assets of the funds.

#### **External Investment Pools**

The University reported investments at fair value totaling \$4,560,791 at June 30, 2023, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities (Level 3 inputs).

Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.02 years and fair value factor of 0.9667 at June 30, 2023. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

#### **State Board of Administration Debt Service Accounts**

The University reported investments totaling \$61,962 at June 30, 2023, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

#### **Fixed Income and Bond Mutual Funds**

The University invested in various mutual funds in accordance with the University's investment policy. The following risks apply to the University's fixed income and bond mutual fund investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(6), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due.

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The future maturities of the securities held in the fixed income and bond mutual funds at June 30, 2023, are as follows:

**University Debt Investment Maturities**

<b>Type of Investment</b>	<b>Investment Maturities (In Years)</b>				
	<b>Fair Market Value</b>	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>
Short Term Bond Fund	\$ 46,788,628	\$ 4,971,012	\$ 41,682,054	\$ 135,562	\$ -
Bond Index Fund	40,850,881	224,597	16,169,245	12,693,913	11,763,126
TIPS Index Fund	51,944,831	7,080,080	28,434,601	10,004,574	6,425,576
Core Fixed Income	40,292,299	1,377,997	12,393,911	17,946,190	8,574,201
Credit Fixed Income	35,237,368	3,630,678	10,423,483	10,423,483	10,759,724
Student Managed Investment Fund	328,578	16,615	126,687	156,998	28,278
Secured Bank Loans	15,962,172	668,815	9,711,385	5,581,972	-
<b>Total</b>	<b>\$ 231,404,757</b>	<b>\$ 17,969,794</b>	<b>\$ 118,941,366</b>	<b>\$ 56,942,692</b>	<b>\$ 37,550,905</b>

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2023, the securities held in the fixed income and bond mutual funds had credit quality ratings by a nationally-recognized rating agency (i.e., Standard & Poor's or Moody's), as follows:

**University Debt Investment Credit Quality Ratings**

<b>Type of Investment</b>	<b>Fair Value</b>	<b>AAA / Aaa</b>	<b>AA / Aa</b>	<b>A</b>	<b>BBB / Baa to Not Rated</b>
Short Term Bond Fund	\$ 46,788,628	\$ 17,803,837	\$ 6,707,003	\$ 8,178,920	\$ 14,098,868
Bond Index Fund	40,850,881	28,579,140	1,617,981	5,093,312	5,560,448
TIPS Index Fund	51,944,831	51,944,831	-	-	-
Core Fixed Income	40,292,299	26,040,912	975,074	4,097,727	9,178,586
Credit Fixed Income	35,237,368	2,017,449	3,698,655	11,768,448	17,752,816
Student Managed Investment Fund	328,578	157,623	29,472	56,739	84,744
Secured Bank Loans	15,962,172	-	-	-	15,962,172
<b>Total</b>	<b>\$ 231,404,757</b>	<b>\$ 126,543,792</b>	<b>\$ 13,028,185</b>	<b>\$ 29,195,146</b>	<b>\$ 62,637,634</b>

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University has no formal policy on concentration of credit risk.

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## Discretely Presented Component Unit Investments

The Foundation's investments at June 30, 2023, are reported at fair value as follows:

<u>Investments by Fair Value Level</u>	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Domestic Equities	\$ 155,564,251	\$ 155,564,251	\$ -	\$ -
Global Equities	92,566,823	92,566,823	-	-
Real Assets	4,891,033	4,891,033	-	-
Fixed Income	45,097,725	45,097,725	-	-
Land Held for Investments	15,251,822	-	-	15,251,822
<b>Total Investments by Fair Value Level</b>	<b>\$ 313,371,654</b>	<b>\$ 298,119,832</b>	<b>\$ -</b>	<b>\$ 15,251,822</b>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Fixed Income	1,200			
Hedge Funds	3,043,291			
Private Investments	88,826,369			
<b>Total Investments Measured at the NAV</b>	<b>91,870,860</b>			
<b>Fiduciary Fund Equity Interest</b>	<b>(12,142,681)</b>			
<b>Total Investments Measured at Fair Value</b>	<b>\$393,099,833</b>			

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

<u>Investments Measured at the NAV</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Fixed Income:				
Global Bonds	\$ 1,200	-	Monthly	10 Days
Hedge Funds:				
Long/Short Equity	2,875,215	-	Annually - Every 3 Years	60 - 90 Days
Event Driven/Open Mandate	168,076	-	Quarterly	90 Days
Private Investments:				
Private Equity	66,062,931	76,257,788	Illiquid	N/A
Venture Capital	22,763,438	1,285,000	Illiquid	N/A
<b>Total Investments Measured at the NAV</b>	<b>\$ 91,870,860</b>	<b>\$ 77,542,788</b>		

# FLORIDA INTERNATIONAL UNIVERSITY

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## Net Asset Value

The investments held at net asset value reflect:

**Global Bonds:** This category includes investments in globally listed public debt instruments.

**Long/Short Equity:** This category includes investments in hedge funds that invest domestically and globally in both long and short common stocks across all market capitalizations. These investments offer a low correlation to traditional long-only equity benchmarks in order to achieve absolute return. Management of the hedge funds may opportunistically shift investments across sectors, geographies, and net market exposures.

**Event Driven/Open Mandate:** This category includes investments in hedge funds that invest in event-driven strategies including merger arbitrage, distressed debt, and convertible arbitrage to achieve returns.

**Private Equity:** This category includes investments in several limited partnership funds that invest in equity securities and debt of private companies or conduct buyouts of public companies that result in a delisting of public equity. The nature of the investment in this category prohibits redemptions through the duration of the partnership, which ranges between 10 to 15 years. Distributions are received through the liquidation of underlying assets of the funds.

**Venture Capital:** This category includes investments in several limited partnership funds that invest in early-stage, high-potential startup companies or small businesses that do not have access to public funding. The nature of the investment in this category prohibits redemptions through the duration of the partnership, which ranges between 10 to 15 years. Distributions are received when underlying companies are exited via acquisition or IPO.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2023, the Foundation securities held in domestic fixed income were rated A+ and AA- by Standard and Poor's.

At June 30, 2023, the Finance Corporation money market mutual fund investments were rated AAAm by Standard and Poor's.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of the investments in a single issuer. The Foundation maintains certain investment accounts with financial institutions which are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation, subject to various limitations. At June 30, 2023, approximately \$393,099,833 was held in these accounts. The Foundation believes that the number, diversity, and financial strength of the issuers mitigate the credit risks associated with all investments.

The Finance Corporation also maintains investment accounts with financial institutions that are not insured by the FDIC. These investments are made in accordance with the trust indenture. Money market fund shares are not guaranteed by the Federal government. Investments are reported at amortized cost of \$3,317,250 at June 30, 2023, which is generally the equivalent of fair value. The Finance Corporation believes that the number, diversity, and financial strength of the issuers mitigate the credit risks associated with all investments.

All of the Finance Corporation's investments at June 30, 2023, are held with Regions Trust Morgan Keegan and are invested in money market funds. According to the bond indenture, the Finance Corporation can invest the bond proceeds in these investment vehicles; there are no stated limitations on the amount that can be invested in any one issuer. The short-term nature of the investments is due to liquidity needs, since those funds are being used for operating expenses and debt service payments.

**Interest Rate Risk:** Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. A portfolio's weighted average days to maturity (WAM) reflects the average maturity in days based on the final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the fund to interest rate changes. A portfolio's weighted average life (WAL) calculation is based on a security's stated final maturity date or, when relevant, the date of the next demand feature when the fund may receive payment of principal and interest. WAL reflects how a portfolio would react to deteriorating credit or tightening liquidity conditions. The Finance Corporation's money market mutual fund's WAM at June 30, 2023, is 20 days while the WAL is 56 days.

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The HCN reported investments at fair value totaling \$1,009,161 at June 30, 2023, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities (Level 3 inputs).

**5. RECEIVABLES**

**Accounts Receivable**

Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable.

As of June 30, 2023, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 23,983,586
Contracts and Grants	27,282,780
Other	754,889
<b>Total Accounts Receivable, Net</b>	<b>\$ 52,021,255</b>

**Loans and Notes Receivable**

Loans and notes receivable represent all amounts owed on promissory notes from debtors, including student loans made under the Federal Perkins Loan Program and other loan programs.

**Allowance for Doubtful Receivables**

Allowances for doubtful accounts, and loans and notes receivable are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable, and loans and notes receivable are reported net of allowances of \$13,208,946 and \$255,301, respectively, at June 30, 2023.

**Leases Receivable**

The University leases space in various buildings to external parties. The University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease or using the University's incremental borrowing rate. Variable payments such as common area maintenance are excluded unless they are fixed in substance. During the fiscal year ended June 30, 2023 the University recognized lease revenue of \$481,577 and interest of \$60,079.

Total future minimum rentals to be received under lessor agreements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 570,283	\$ 63,513	\$ 633,796
2025	437,783	48,157	485,940
2026	380,348	35,570	415,918
2027	195,846	26,734	222,580
2028	134,025	20,974	154,999
2029 - 2033	535,434	39,941	575,375
<b>Total</b>	<b>\$ 2,253,719</b>	<b>\$ 234,889</b>	<b>\$ 2,488,608</b>

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## Discretely Presented Component Unit Lease Receivables

The University and HCN are parties to a space leasing agreement for the Ambulatory Care Center with a term of 40 years, expiring in October 2035. For the years ended June 30, 2023, rent expense under this agreement amounted to \$1 per year.

Furthermore, certain space within this facility was subleased. The HCN recognized lease revenue of \$460,998 interest revenue of \$177,584, and common area maintenance income of \$191,790, for a total \$830,372 of lease-related revenue for the year ended June 30, 2023. This sublease runs through 2035, and has an option to renew for an additional 10-year period. Future minimum rentals will be increased by the Bureau Labor Statistics Consumer Price Index ("CPI") on an annual basis.

Future minimum rentals to be received on the sublease are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Common Area Maintenance</u>	<u>Total</u>
2024	\$ 337,916	\$ 165,730	\$ 191,790	\$ 695,436
2025	349,162	153,480	191,790	694,432
2026	361,819	140,786	191,790	694,395
2027	374,934	127,631	191,790	694,355
2028	388,525	114,000	191,790	694,315
2029 - 2033	1,700,133	347,597	958,950	3,006,680
2034 - 2035	<u>1,316,538</u>	<u>25,632</u>	<u>335,633</u>	<u>1,677,803</u>
<b>Total</b>	<u>\$ 4,829,027</u>	<u>\$ 1,074,856</u>	<u>\$ 2,253,533</u>	<u>\$ 8,157,416</u>

## 6. DUE FROM STATE

The amount due from State consists of \$13,767,347 of Public Education Capital Outlay, \$30,687,104 of Capital Improvement Fee Trust Fund, and \$84,867,336 General Revenues allocation for construction of University facilities.

## 7. DUE FROM AND TO COMPONENT UNITS/UNIVERSITY

The University's financial statements are reported for the fiscal year ended June 30, 2023. One component unit is not presented (see Note 1). Additionally, component units' due from and due to amounts include receivables and payables between the various component units. Accordingly, amounts reported by the University as due from and to component units on the statement of net position may not agree with amounts reported by the component units as due from and to the University.



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**8. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2023, is shown in the following table:

<b>Description</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Nondepreciable Capital Assets:</b>				
Land	\$ 32,818,854	\$ -	\$ -	\$ 32,818,854
Works of Art and Historical Treasures	10,748,061	605,425	-	11,353,486
Construction in Progress	248,826,686	93,725,421	143,248,418	199,303,689
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 292,393,601</b>	<b>\$ 94,330,846</b>	<b>\$ 143,248,418</b>	<b>\$ 243,476,029</b>
<b>Depreciable Capital Assets:</b>				
Buildings	\$ 1,221,411,281	\$ 128,996,267	\$ -	\$ 1,350,407,548
Infrastructure and Other Improvements	58,771,965	13,385,043	-	72,157,008
Furniture and Equipment	178,669,647	21,511,441	7,146,978	193,034,110
Library Resources	132,715,249	341,717	106,630	132,950,336
Leasehold Improvements	752,567	-	-	752,567
Computer Software	3,682,498	36,648	967,181	2,751,965
<b>Amortizable Capital Assets:</b>				
Right-to-Use Space Lease	38,345,217	4,283,632	-	42,628,849
Right-to-Use Equipment Lease	1,828,768	-	-	1,828,768
SBITA Assets	-	5,942,512	-	5,942,512
<b>Total Depreciable/Amortizable Capital Assets</b>	<b>1,636,177,192</b>	<b>174,497,260</b>	<b>8,220,789</b>	<b>1,802,453,663</b>
<b>Less, Accumulated Depreciation:</b>				
Buildings	498,302,034	30,688,497	-	528,990,531
Infrastructure and Other Improvements	27,923,661	3,506,830	-	31,430,491
Furniture and Equipment	126,154,280	12,432,338	6,425,953	132,160,665
Library Resources	118,236,591	3,404,080	106,631	121,534,040
Leasehold Improvements	752,567	-	-	752,567
Computer Software	3,201,336	146,520	967,180	2,380,676
<b>Less, Accumulated Amortization:</b>				
Right-to-Use Space Lease	5,133,352	5,035,996	-	10,169,348
Right-to-Use Equipment Lease	522,505	522,506	-	1,045,011
SBITA Assets	-	864,476	-	864,476
<b>Total Accumulated Depreciation/Amortization</b>	<b>780,226,326</b>	<b>56,601,243</b>	<b>7,499,764</b>	<b>829,327,805</b>
<b>Total Depreciable/Amortizable Capital Assets, Net</b>	<b>\$ 855,950,866</b>	<b>\$ 117,896,017</b>	<b>\$ 721,025</b>	<b>\$ 973,125,858</b>

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## 9. CURRENT UNEARNED REVENUE

Unearned revenue includes Public Education Capital Outlay appropriations for which the University had not yet received approval from the Florida Department of Education, as of June 30, 2023, to spend the funds.

Unearned revenue at June 30, 2023 includes contracts and grant payments received in advance, nonrefundable admission fees, prepaid stadium rental income received from the Finance Corporation, reservation system fees received prior to fiscal year-end related to subsequent accounting periods, land use fees, and athletic revenues.

As of June 30, 2023, the University reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Contracts and Grants	\$ 16,171,979
State Capital Appropriations	2,500,000
Admission Fees	2,161,259
Stadium Rental Income	1,304,083
Reservation System Fees	113,117
Land Use Fees	52,381
Athletic Revenues	4,934
<b>Total Current Unearned Revenue</b>	<b>\$ 22,307,753</b>

## 10. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2023, include capital improvement debt payable, leases payable, subscription arrangements liability, compensated absences payable, other postemployment benefits payable, the long-term portion of unearned revenue, liability for self-insured claims, net pension liability, and other long-term liabilities.

Long-term liabilities activity for the fiscal year ended June 30, 2023, is shown below:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Capital Improvement Debt Payable	\$ 197,430,216	\$ 27,297,179	\$ 34,984,205	\$ 189,743,190	\$ 8,276,528
Leases Payable	35,162,673	4,283,632	5,408,614	34,037,691	5,729,113
Subscription Arrangements Liability (1)	-	5,942,512	742,265	5,200,247	1,002,763
Compensated Absences Payable	56,537,921	5,009,331	5,762,182	55,785,070	4,943,115
Other Postemployment Benefits Payable	358,187,113	230,596,096	326,356,377	262,426,832	6,729,694
Unearned Revenue	63,063,318	31,096,099	22,559,781	71,599,636	-
Liability for Self-Insured Claims	227,055	45,889	50,757	222,187	1,355
Net Pension Liability	112,409,638	285,410,084	97,675,137	300,144,585	-
Other Long-Term Liabilities	964,649	-	327,274	637,375	-
<b>Total Long-Term Liabilities</b>	<b>\$ 823,982,583</b>	<b>\$ 589,680,822</b>	<b>\$ 493,866,592</b>	<b>\$ 919,796,813</b>	<b>\$ 26,682,568</b>

(1) Subscription Arrangements Liability were added due to the implementation of GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. Beginning balance was not restated.

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## Capital Improvement Debt Payable

The University had the following capital improvement debt payable outstanding at June 30, 2023:

<u>Capital Improvement Debt Type and Series</u>	<u>Amount of Original Debt</u>	<u>Amount Outstanding (1)</u>	<u>Interest Rates (Percent)</u>	<u>Maturity Date To</u>
Student Housing Debt:				
2015A Student Apartments Refunding	\$ 29,105,000	\$ 18,660,081	3.00 - 5.00	2034
2020A Student Apartments	71,800,000	78,065,959	3.00 - 5.00	2050
2021A Student Apartments Refunding	<u>46,365,000</u>	<u>46,341,936</u>	2.00 - 5.00	2041
<b>Total Student Housing Debt</b>	<u>147,270,000</u>	<u>143,067,976</u>		
Parking Garage Debt:				
2019A Parking Garage Refunding	19,805,000	19,495,282	4.00 - 5.00	2039
2023A Parking Garage Refunding	<u>24,835,000</u>	<u>27,179,932</u>	4.00 - 5.00	2043
<b>Total Parking Garage Debt</b>	<u>44,640,000</u>	<u>46,675,214</u>		
<b>Total Capital Improvement Debt</b>	<u>\$ 191,910,000</u>	<u>\$ 189,743,190</u>		

Note: (1) Amount outstanding includes unamortized premiums and deferred losses on refunding issues.

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and an assessed transportation fee per student to repay \$191,910,000 of capital improvement (housing and parking) revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct parking garages and student housing facilities. The bonds are payable solely from housing rental income, parking fees, and assessed transportation fees per student and are payable through 2050. The University has committed to appropriate each year from the housing rental income, parking fees, and assessed transportation fees per student amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$241,752,556, and principal and interest paid for the current year totaled \$14,317,248. During the 2022-23 fiscal year, housing rental income totaled \$33,092,986, and parking fees totaled \$14,209,785, comprised of traffic and parking fees totaling \$4,091,269, and assessed transportation fees totaling \$10,118,516.

- On April 20, 2023, the Florida Board of Governors issued \$24,835,000 of Capital Improvement Parking Revenue Refunding Bonds, Series 2023A. The capital improvement debt proceeds were used to defease \$26,885,000 of outstanding Capital Improvement Parking Revenue and Refunding Bonds, Series 2013A. The proceeds will be placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's statement of net position. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$4,711,130 over the next 21 years and obtained an economic gain of \$3,299,505. At June 30, 2023, the outstanding balance of the defeased debt was \$27,297,179.

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Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 7,375,000	\$ 6,483,575	\$ 13,858,575
2025	7,800,000	6,114,825	13,914,825
2026	7,380,000	5,724,825	13,104,825
2027	7,715,000	5,385,925	13,100,925
2028	8,065,000	5,031,175	13,096,175
2029-2033	38,725,000	19,968,244	58,693,244
2034-2038	38,310,000	12,314,237	50,624,237
2039-2043	31,465,000	6,396,200	37,861,200
2044-2048	16,960,000	2,683,650	19,643,650
2049-2050	7,515,000	339,900	7,854,900
<b>Subtotal</b>	171,310,000	70,442,556	241,752,556
Net Premiums and Losses on Bond Refundings	18,433,190	-	18,433,190
<b>Total</b>	\$ 189,743,190	\$ 70,442,556	\$ 260,185,746

**Leases Payable**

The University leases office equipment and space from external parties for various terms under long-term non-cancelable lease agreements. The leases expire at various dates through 2040 and provide for renewal options ranging from two years through five years. In accordance with GASB Statement No. 87, the University records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. The University does not have any leases featuring payments tied to an index or market rate. The University does not have any leases subject to a residual value guarantee. Refer to the capital asset footnote for information relating to right-to-use assets and associated amortization.

Future minimum lease payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 5,729,113	\$ 1,003,290	\$ 6,732,403
2025	5,692,678	887,701	6,580,379
2026	5,254,961	717,089	5,972,050
2027	2,324,301	591,642	2,915,943
2028	983,603	543,681	1,527,284
2029 - 2033	5,466,952	2,146,536	7,613,488
2034 - 2038	7,145,141	966,768	8,111,909
2039 - 2040	1,440,942	29,798	1,470,740
<b>Total</b>	\$ 34,037,691	\$ 6,886,505	\$ 40,924,196

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## Subscription Arrangements Liability

The University has three subscription-based information technology arrangements (SBITAs) for the right to use teaching, purchasing, and call center/management assets from IT vendors for various terms under long-term non-cancelable agreements. The SBITAs expire at various dates through 2031 and provide for renewal options of three years. In accordance with GASB Statement No. 96, the University records SBITA assets and liabilities based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the interest rate charged on the SBITA, if available, or are otherwise discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Refer to the capital asset footnote for information relating to SBITA assets and associated amortization.

Future minimum payments under SBITA and present value of the minimum payments are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,002,763	\$ 125,335	\$ 1,128,098
2025	1,057,111	97,592	1,154,703
2026	1,113,987	68,341	1,182,328
2027	535,305	45,717	581,022
2028	539,460	31,721	571,181
2029 - 2031	951,621	34,352	985,973
<b>Total</b>	<u>\$ 5,200,247</u>	<u>\$ 403,058</u>	<u>\$ 5,603,305</u>

## Compensated Absences Payable

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University 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 University 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, 2023, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$55,785,070. The current portion of the compensated absences liability, \$4,943,115, is the amount expected to be paid in the coming fiscal year, and represents a historical percentage of leave used applied to the total accrued leave liability.

## Other Postemployment Benefits Payable

The University follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

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## General Information about the OPEB Plan

*Plan Description.* The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan administered by the State of Florida. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for the funding of the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

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

## Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of \$262,426,832 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2022. At June 30, 2022, the University's proportionate share, determined by its proportion of total benefit payments made, was 3.35 percent, which was a decrease of 0.05 percent from its proportionate share measured as of June 30, 2021.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability 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
Salary Increases	Varies by FRS class
Discount Rate	4.09 percent
Healthcare Cost Trend Rates	10.31 percent for 2023, decreasing to an ultimate rate of 4.04 percent for 2075 and years later for all employees in the Preferred Provider Option (PPO) Plan.
PPO Plan	
HMO Plan	7.53 percent for 2023, decreasing to an ultimate rate of 4.04 percent for 2075 and years later for all employees in the Health Maintenance Organization (HMO) Plan.
Retirees' Share of Benefit-related Costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the S&P Municipal 20-year High Grade Rate Index.

Mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018.

The demographic actuarial assumptions for retirement, withdrawal, disability incidence, and salary merit scales used in the July 1, 2021 valuation were updated based on those used in the actuarial valuation of the FRS Plan conducted by Milliman as of July 1, 2019 with adjustments for demographic differences.

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The following changes have been made since the prior valuation:

- The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB 75. The discount rate increased from 2.18 percent to 4.09 percent.
- The recent claims experience along with changes in the demographics of the population resulted in lower claims costs compared to expected, as well as lower premium rates than expected. The net result was a slight increase in liabilities due to claims and premiums as of June 30, 2022.
- The medical trend assumption is updated each year based on the Getzen model. The impact of the trend rate changes is a small increase in the liability, due primarily to higher trend rates in the first several years.

*Sensitivity of the University’s Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the University’s proportionate share of the total OPEB liability, as well as what the University’s proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09 percent) or 1 percentage point higher (5.09 percent) than the current rate:

	<u>1% Decrease (3.09%)</u>	<u>Current Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
University's proportionate share of the total OPEB liability	\$ 321,313,860	\$ 262,426,832	\$ 216,958,441

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
University's proportionate share of the total OPEB liability	\$ 211,180,882	\$ 262,426,832	\$ 331,558,042

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

For the fiscal year ended June 30, 2023, the University recognized OPEB expense of \$249,988. At June 30, 2023, the University reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 28,700,995
Changes of assumptions or other inputs	30,344,519	171,463,403
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	49,965,371	7,335,538
Transactions subsequent to the measurement date	6,729,694	-
<b>Total</b>	<u>\$ 87,039,584</u>	<u>\$ 207,499,936</u>

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Of the total amount reported as deferred outflows of resources related to OPEB, \$6,729,694 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 and included in OPEB expense in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (24,427,946)
2025	(24,427,949)
2026	(17,556,474)
2027	(13,505,850)
2028	(16,414,342)
Thereafter	<u>(30,857,485)</u>
<b>Total</b>	<b><u>\$ (127,190,046)</u></b>

#### Unearned Revenue

Long-term unearned revenue at June 30, 2023, includes Public Education Capital Outlay appropriations for which the University had not yet received approval from the Florida Department of Education to spend the funds. Also included are prepaid stadium rental income received from the Finance Corporation, a National Institute of Health Grant, and land use fees received prior to the fiscal year-end related to subsequent accounting periods.

As of June 30, 2023, the University reported the following amounts as long-term unearned revenue:

<u>Description</u>	<u>Amount</u>
State Capital Appropriations	\$ 48,824,659
Stadium Rental Income	11,628,075
National Institute of Health Grant	9,500,000
Land Use Fees	<u>1,646,902</u>
<b>Total Unearned Revenue</b>	<b><u>\$ 71,599,636</u></b>

#### Net Pension Liability

As a participating employer in the Florida Retirement System, the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2023, the University's proportionate share of the net pension liabilities totaled \$300,144,585.

#### Other Long-Term Liabilities

Primarily represent the University's liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan program. This amount will ultimately be returned to the Federal Government should the University cease collecting Federal Perkins Loans or have excess cash in the loan program.



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## 11. DISCRETELY PRESENTED COMPONENT UNITS DEBT ISSUES

### Bonds Payable – FIU Athletics Finance Corporation

On December 1, 2009, the Finance Corporation issued \$30,000,000 of Miami-Dade County Industrial Development Authority Revenue Bonds Series 2009A and \$5,310,000 of Miami-Dade County Industrial Development Authority Taxable Revenue Bonds Series 2009B.

These bonds were issued and secured under and pursuant to the Trust Indenture. Repayments of the bonds will be payable from pledged revenues, which are all operating and nonoperating revenues. Principal payments for the bonds began March 1, 2010. Interest payments are made on a quarterly basis.

On December 21, 2016, the Finance Corporation entered into four amendments to the trust indenture between Miami-Dade Authority and the Trustee which authorized the reissuance of the Series 2009A Bonds through the issuance of four separate series of bonds. The first amendment authorizes the reissuance of \$9,000,000 Series 2009A-1 Bond. The interest rate on the Series 2009A-1 Bonds shall be at a rate equal to 2.8 percent per annum. The second, third, and fourth amendments authorized the reissuance of separate series of the Series 2009A Bonds in a principal amount of \$8,400,000 (Series 2009A-2), \$8,400,000 (Series 2009A-3) and \$4,200,000 (Series 2009A-4), respectively. The interest rates on these Series 2009A bonds shall be at a rate equal to the sum of 63.7 percent of the three-month LIBOR plus 1.40 percent.

The bonds are secured by operating and nonoperating revenues as well as University athletic fees, not to exceed 5 percent of the total athletic fees collected. Total principal due at June 30, 2023, was \$21,090,000.

The Finance Corporation has funded a debt service reserve fund in accordance with the bond indenture requirement of maintaining an amount equal to the maximum allowable debt service on the bond in the current and any future fiscal year. This debt service reserve fund currently totals \$2,868,830 and is included in restricted investments.

Prior to the December 2016 reissuance, the Finance Corporation was required to maintain minimum deposits of \$1,000,000 with a bank. As part of the amendment on December 21, 2016, the Finance Corporation agreed to use approximately \$1,000,000 currently on deposit with the Trustee to pay in full the outstanding balance of the Series 2009B Bonds.

The interest rate on these bonds is both fixed and variable and is subject to a swap agreement that was entered into to reduce the exposure to market risks from changing interest rates. Interest is computed on the basis of the actual number of days elapsed over a year of 365 or 366 days.

The aggregate maturities of these bonds as of June 30, 2023, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,730,000	\$ 927,363	\$ 2,657,363
2025	1,825,000	849,284	2,674,284
2026	1,900,000	769,704	2,669,704
2027	1,985,000	686,768	2,671,768
2028	2,080,000	601,836	2,681,836
Thereafter	<u>11,570,000</u>	<u>1,454,692</u>	<u>13,024,692</u>
<b>Total</b>	<u>\$ 21,090,000</u>	<u>\$ 5,289,647</u>	<u>\$ 26,379,647</u>

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## 12. DERIVATIVE FINANCIAL INSTRUMENTS – DISCRETELY PRESENTED COMPONENT UNITS

The Finance Corporation entered into derivative instruments (i.e., interest rate swap agreement) to reduce their exposure to market risks from changing interest rates. For interest rate swap agreements, the differential to be paid or received is accrued and recognized as interest expense and may change as market interest rates change. The interest rate swap agreement entered into by the Finance Corporation is discussed below.

### **FIU Athletics Finance Corporation**

*Objectives.* As a means to lower its borrowing costs and increase its savings, the Finance Corporation entered into an interest rate swap agreement in connection with its \$30,000,000 2009A Miami-Dade County Industrial Development Authority Revenue Bond issuance. The intention of the interest rate swap agreement was to effectively change the Finance Corporation's variable interest rate on the bonds to a synthetic fixed rate of 5 percent.

*Terms.* On December 22, 2009, the Finance Corporation entered into an interest rate swap agreement to hedge the floating-rate on \$21,000,000 of the principal amount of the Series 2009A bonds. This represents the fixed portion of the tax-exempt bonds payable mentioned above. Under the interest rate swap agreement, the Finance Corporation agrees to pay a fixed rate of 3.48 percent and receive a variable rate equal to 63.7 percent of the three-month SOFR. The interest rate swap agreement has a maturity date of March 1, 2033.

*Fair Value.* As of June 30, 2023, the Finance Corporation interest rate swap agreement has a derivative liability of \$764,284 as included with reported other long-term liabilities in the statement of net position. The negative fair value was determined using Mark-to-Market Value and represents the closing mid-market values. It was classified in Level 2 of the fair value hierarchy at June 30, 2023.

As of June 30, 2023, the fair value of the Series 2007A ineffective interest rate swap agreement was \$944,239, which is included with reported other long-term liabilities. This interest rate swap agreement was not terminated when the bonds were refunded in December 2009 nor in December 2016. The interest rate on the refunded Series 2009A bonds reflects a higher rate due to not terminating this interest rate swap agreement. Accordingly, the fair value of \$944,239 of the ineffective Series 2007A interest rate swap agreement is being amortized over the remaining life of the refunded Series 2009A bonds.

The synthetic instrument method evaluates the effectiveness by quantitative approach. The synthetic instrument method evaluates effectiveness by combining the hedgeable item and the potential hedging derivative instrument to simulate a third synthetic instrument. A potential hedging derivative instrument is effective if its total variable cash flows substantially offset the variable cash flows of the hedgeable item. The Finance Corporation determined that it met the criteria of the synthetic instrument method. Therefore, the change in the fair value of the effective interest rate swap agreement is presented in the component units column of the statement of net position as a deferred inflow of resources in the amount of \$179,954.

*Credit Risk.* As of June 30, 2023, the Finance Corporation was not exposed to credit risk because the interest rate swap agreement had a negative fair value. However, should interest rates change and the fair value of the interest rate swap agreement become positive, the Finance Corporation would be exposed to credit risk in the amount of the derivative's fair value.

*Basis Risk.* Basis risk arises when different indexes are used in connection with a derivative. Given that both the bond and the interest rate swap agreement are based on 63.7 percent of the three-month SOFR rate, there is limited basis risk.

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*Termination Risk.* The derivative contract uses the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes an “additional termination event”. That is, the interest rate swap agreement may be terminated if: (i) the loan or other indebtedness in connection with which a transaction entered into by the Finance Corporation for the purpose or with the effect of altering the net combined payment from a floating to fixed or a fixed to floating-rate basis is repaid, whether upon acceleration of principal, at maturity, or otherwise, or for any other reason ceases to be an obligation of the Finance Corporation, with or without the consent of the counterparty; or (ii) any credit support document expires, terminates, or ceases to be of full force and effect. Also, the interest rate swap agreement may be terminated or assigned by the Finance Corporation if the counterparty’s long-term, senior, unsecured, unenhanced debt rating is withdrawn, suspended, or falls below at least two of the following: a) “Baa1” as determined by Moody’s; or b) “BBB” as determined by Standard and Poor’s; or c) “BBB+” as determined by Fitch Ratings. As of June 30, 2023, the swap counterparty was rated in excess of the aforementioned requirements.

*Swap Payments and Associated Debt.* Using rates as of June 30, 2023, debt service requirements of the variable-rate portion of the debt and net swap payments, assuming current interest rates remain the same for their term, are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Variable-Rate Bond</b>		<b>Interest Rate Swap, Net</b>	<b>Total</b>
	<b>Principal</b>	<b>Interest</b>		
2024	\$ 1,185,000	\$ 693,395	\$ 34,605	\$ 1,913,000
2025	1,245,000	636,962	31,788	1,913,750
2026	1,300,000	580,528	28,972	1,909,500
2027	1,355,000	518,618	25,882	1,899,500
2028	1,415,000	454,088	22,662	1,891,750
Thereafter	8,120,000	1,194,392	59,608	9,374,000
<b>Total</b>	<b>\$ 14,620,000</b>	<b>\$ 4,077,983</b>	<b>\$ 203,517</b>	<b>\$ 18,901,500</b>

Note: As rates vary, variable-rate bond interest payments and net swap payments will vary.

**13. RETIREMENT PLANS DEFINED BENEFIT PENSION PLANS**

**General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class (SMSC) employed by the State and faculty and specified employees in the State university system. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (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.

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Essentially all regular employees of the University 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. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The University's FRS and HIS pension expense totaled \$40,866,130 for the fiscal year ended June 30, 2023.

#### **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.
- *Special Risk Class* - Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of 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 at any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees enrolled in the Plan may include up to four 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 credit service. 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight 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.

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The following table shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
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
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
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
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Class</i>	3.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three 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 three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three 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 2022-23 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
Florida Retirement System, Regular	3.00	11.91
Florida Retirement System, Senior Management Service	3.00	31.57
Florida Retirement System, Special Risk	3.00	27.83
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	18.60
Florida Retirement System, Reemployed Retiree	(2)	(2)

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

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

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The University's contributions to the Plan totaled \$29,684,822 for the fiscal year ended June 30, 2023.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2023, the University reported a liability of \$243,533,889 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The University's proportionate share of the net pension liability was based on the University's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the University's proportionate share was 0.654519597 percent, which was a decrease of 0.029177949 from its proportionate share measured as of June 30, 2021.

For the year ended June 30, 2023, the University recognized pension expense of \$36,972,322. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 11,566,453	\$ -
Change of Assumptions	29,992,217	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	16,080,510	-
Changes in Proportion and Differences Between University FRS Contributions and Proportionate Share of FRS Contributions	9,686,755	1,606,406
University FRS Contributions Subsequent to the Measurement Date	<u>29,684,822</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 97,010,757</u></u>	<u><u>\$ 1,606,406</u></u>

The deferred outflows of resources related to pensions totaling \$29,684,822, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ 16,555,160
2025	7,190,503
2026	(3,439,040)
2027	42,494,794
2028	<u>2,918,112</u>
<b>Total</b>	<u><u>\$ 65,719,529</u></u>

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*Actuarial Assumptions.* The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2022, 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 %	2.6 %	2.6 %	1.1 %
Fixed Income	19.8 %	4.4 %	4.4 %	3.2 %
Global Equity	54 %	8.8 %	7.3 %	17.8 %
Real Estate (Property)	10.3 %	7.4 %	6.3 %	15.7 %
Private Equity	11.1 %	12 %	8.9 %	26.3 %
Strategic Investments	3.8 %	6.2 %	5.9 %	7.8 %
<b>Total</b>	<b>100 %</b>			
Assumed Inflation - Mean			2.4 %	1.3 %

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

*Discount Rate.* The discount rate used to measure the total pension liability was 6.70 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 2022 valuation was updated from 6.80 percent to 6.70 percent.

*Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
University's Proportionate Share of the Net Pension Liability	\$ 421,175,115	\$ 243,533,889	\$ 95,004,686

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*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 Annual Comprehensive 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, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which 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, 2023, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding three 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 University's contributions to the HIS Plan totaled \$3,584,299 for the fiscal year ended June 30, 2023.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2023, the University reported a liability of \$56,610,696 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The University's proportionate share of the net pension liability was based on the University's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the University's proportionate share was 0.534486869 percent, which was an increase of 0.003184821 from its proportionate share measured as of June 30, 2021.



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For the fiscal year ended June 30, 2023, the University recognized pension expense of \$3,893,808. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,718,268	\$ 249,092
Change of Assumptions	3,244,962	8,757,638
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	81,960	-
Changes in Proportion and Differences Between University HIS Contributions and Proportionate Share of HIS Contributions	2,500,328	-
University HIS Contributions Subsequent to the Measurement Date	<u>3,584,299</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 11,129,817</u></u>	<u><u>\$ 9,006,730</u></u>

The deferred outflows of resources totaling \$3,584,299 resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (146,046)
2025	195,335
2026	311,998
2027	(219,316)
2028	(1,078,148)
Thereafter	<u>(525,035)</u>
<b>Total</b>	<u><u>\$ (1,461,212)</u></u>

*Actuarial Assumptions.* The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.54 percent

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

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.

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*Discount Rate.* The discount rate used to measure the total pension liability was 3.54 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 2022 valuation was updated from 2.16 percent to 3.54 percent.

*Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 3.54 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
University's Proportionate Share of the Net Pension Liability	\$ 64,767,285	\$ 56,610,696	\$ 49,861,288

*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 Annual Comprehensive Financial Report.

**14. 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 of Florida Annual Comprehensive 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. University employees already participating in the State University 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, 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 2022-23 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
Florida Retirement System, Regular	9.30
Florida Retirement System, Senior Management Service	10.67
Florida Retirement System, Special Risk Regular	17.00

# FLORIDA INTERNATIONAL UNIVERSITY

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For all membership classes, employees are immediately vested in their own contributions and are vested after one 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 FRS 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 five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, 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 University.

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

The University's Investment Plan pension expense totaled \$9,019,368 for the fiscal year ended June 30, 2023.

#### **State University System Optional Retirement Program**

Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in FRS for eight or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 4.23 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs for a total of 9.38 percent, and employees contribute three percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled \$25,992,055 and employee contributions totaled \$14,554,459 for the 2022-23 fiscal year.

**FLORIDA INTERNATIONAL UNIVERSITY**

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

**15. CONSTRUCTION COMMITMENTS**

The University's major construction commitments at June 30, 2023, were as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Engineering Building Phases I & II	\$ 69,580,772	\$ 23,082,323	\$ 46,498,449
Auxiliary Construction Projects	87,942,895	58,835,725	29,107,170
Deferred Building Maintenance	30,798,655	3,122,492	27,676,163
CASE Building Renovation	7,150,000	400,902	6,749,098
Nondenominational Chapel	7,306,314	777,615	6,528,699
Graham Center Expansion	6,075,636	-	6,075,636
MMC Aquatic Center	5,000,000	-	5,000,000
<b>Subtotal</b>	213,854,272	86,219,057	127,635,215
Projects with Balance Committed Under \$3 Million	135,278,889	113,084,632	22,194,257
<b>Total</b>	<u>\$ 349,133,161</u>	<u>\$ 199,303,689</u>	<u>\$ 149,829,472</u>

**16. RELATED PARTY TRANSACTION****FIU Athletics Finance Corporation**

The University and the Finance Corporation entered into two 25-year ground sublease agreements dated April 1, 2007, rendering the rights to the Finance Corporation to issue a series of capital improvement bonds of which a portion of the proceeds, along with contributions from the University, was used to finance a stadium improvement project located on University premises. Under this agreement, the Finance Corporation prepaid to the University, for rental of the premises, the sum of \$31,937,211.

The following schedule by years represents management's best estimate of future minimum rental expense that will be recognized for these sublease agreements:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ 1,304,083
2025	1,304,083
2026	1,304,083
2027	1,304,083
2028	1,304,083
2029-2033	6,411,743
<b>Total Minimum Payments Required</b>	<u>\$ 12,932,158</u>

# FLORIDA INTERNATIONAL UNIVERSITY

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NOTES TO FINANCIAL STATEMENTS

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## 17. GIFT AGREEMENT - FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. - RELATED PARTY TRANSACTION

The Wolfsonian, Inc. (Wolfsonian), was established in 1986 to create and operate a museum and research center in Miami Beach, Florida, and to support a comprehensive program focused on the collection, exhibition, interpretation, preservation, research and publication of the decorative, or design and architectural arts. The Wolfsonian has been loaned the Mitchell Wolfson, Jr. collection of nearly 27,000 objects of art and rare books dating from the late nineteenth to the mid-twentieth century. It encompasses furniture, sculpture, paintings, books, graphics, and other works of art on paper, as well as archives relating to the period. Through a series of academic study and fellowship programs, national and international traveling exhibitions, and scholarly initiatives, the Wolfsonian promotes public education and awareness of the social, historical, technological, political, economic, and artistic material culture of Europe and America in the 1885-1945 period.

On July 1, 1997, the Foundation entered into a gift agreement (Agreement) with Mitchell Wolfson, Jr., the Wolfsonian, and the University, whereby Mitchell Wolfson, Jr. agreed to donate all rights, title, and interest in and to all objects constituting the Mitchell Wolfson, Jr. Collection of Decorative and Propaganda Arts to the Foundation, subject to a loan agreement made and entered into by the Wolfsonian and Mr. Wolfson, Jr. dated July 29, 1991. The loan agreement was extended through to July 2031, at which time it can be renewed for an additional period of ten years.

The Foundation has elected to exercise the option of not capitalizing the items that meet the definition of “collection” as prescribed by accounting principles generally accepted in the United States. Therefore, the fair value of the donated Collection of Decorative and Propaganda Arts is not reflected in the University's financial statements. Purchases of collection items are recorded as decreases in unrestricted net position in the year in which the items are acquired, or as temporarily or permanently restricted net position if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net position classes.

As a result of the Agreement, the Wolfsonian amended its articles of incorporation and bylaws to provide that all its directors be appointed and removed at any time with or without cause by the Foundation, to effect a transfer of complete control of all of the assets, interest, and obligations of the Wolfsonian to the Foundation. On May 26, 1999, the Foundation passed a revision to the bylaws of the Wolfsonian to make the Foundation the sole voting member of the Wolfsonian.

The gifts are conditional upon the provisions outlined in the Agreement including, but not limited to, the Foundation continuing the museum and educational activities and operations that were conducted by the Wolfsonian. As a result of the Agreement, the University and Foundation have assumed all administrative functions and operating costs of the Wolfsonian.

The most significant of the obligations under the Agreement is for the University to provide the Wolfsonian with the same financial support from its general budget, as provided to other departments, and to continue the museum and educational activities and operations of the Wolfsonian. The University provided support of approximately \$3.1 million during the 2022-23 fiscal year for Wolfsonian expenses which included salaries, equipment, administrative expenses, insurance premiums for the art collection, and building security. In addition, the University provided support of approximately \$0.6 million during the 2022-23 fiscal year for utilities, repairs, and maintenance expenses for buildings used by the Wolfsonian.

**FLORIDA INTERNATIONAL UNIVERSITY**

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

**18. RISK MANAGEMENT PROGRAMS**

The University 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. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers’ compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2022-23 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$56.3 million for named windstorm and flood through February 14, 2023, and decreased to \$40.2 million for flood and \$38.6 million for named windstorm starting February 15, 2023. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$168.7 million through February 14, 2023, and increased to \$184.8 million starting February 15, 2023; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers’ compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State’s risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State’s group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

**University Self-Insurance Program**

The Florida International University College of Medicine Self-Insurance Program was established pursuant to Section 1004.24, Florida Statutes, on June 18, 2009. The Self-Insurance Program provides professional and general liability protection for the Florida International University Board of Trustees for claims and actions arising from the clinical activities of the College of Medicine faculty, staff, and resident physicians. Liability protection is afforded to the students of the College. The Self-Insurance Program provides legislative claims bill protection.

The University is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Self-Insurance Program also provides \$1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; \$250,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; \$250,000 per claim protection for participants who engage in approved community service or act as Good Samaritans; and student professional liability coverage not to exceed a per occurrence limit of \$1,000,000 if such limits are required by an affiliated hospital or healthcare affiliate.

The Self-Insurance Program’s estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported.

Changes in the balances of claims liability for the Self-Insurance Program during the 2021-22 and 2022-23 fiscal years are presented in the following table:

<b>Fiscal Year Ended</b>	<b>Claims Liabilities Beginning of Year</b>	<b>Current Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Claims Liabilities End of Year</b>
June 30, 2022	\$ 225,857	\$ 42,306	\$ (41,108)	\$ 227,055
June 30, 2023	227,055	45,889	(50,757)	222,187

**FLORIDA INTERNATIONAL UNIVERSITY**

**A COMPONENT UNIT OF THE STATE OF FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**19. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES**

The functional classification of an operating expense (instruction, research, 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 academic departments for which the primary departmental function is instruction may include some activities other than direct instruction such as research and 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:

<b>Functional Classification</b>	<b>Amount</b>
Instruction	\$ 354,705,242
Research	197,811,653
Public Services	14,383,689
Academic Support	124,971,838
Student Services	76,044,710
Institutional Support	104,767,823
Operation and Maintenance of Plant	65,714,326
Scholarships, Fellowships, and Waivers	136,844,791
Depreciation	56,601,243
Auxiliary Enterprises	63,530,307
<b>Total Operating Expenses</b>	<b>\$ 1,195,375,622</b>

**FLORIDA INTERNATIONAL UNIVERSITY**

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**20. SEGMENT INFORMATION**

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, and liabilities are required to be accounted for separately.

The following financial information for the University's Housing and Parking facilities represents identifiable activities for which one or more bonds are outstanding:

**Condensed Statement of Net Position**

	<u>Housing Facilities</u>	<u>Parking Facilities</u>
<b>Assets</b>		
Current Assets	\$ 29,898,860	\$ 12,628,102
Capital Assets, Net	205,390,744	90,026,720
Other Noncurrent Assets	<u>1,212,433</u>	<u>386,697</u>
<b>Total Assets</b>	<u>236,502,037</u>	<u>103,041,519</u>
<b>Liabilities</b>		
Current Liabilities	8,186,097	1,981,480
Noncurrent Liabilities	<u>136,894,835</u>	<u>45,057,799</u>
<b>Total Liabilities</b>	<u>145,080,932</u>	<u>47,039,279</u>
<b>Net Position</b>		
Net Investment in Capital Assets	62,322,768	43,426,214
Restricted - Expendable	554,353	341,302
Unrestricted	<u>28,543,984</u>	<u>12,234,724</u>
<b>Total Net Position</b>	<u>\$ 91,421,105</u>	<u>\$ 56,002,240</u>



**FLORIDA INTERNATIONAL UNIVERSITY**

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JUNE 30, 2023

**Condensed Statement of Revenues, Expenses,  
and Changes in Net Position**

	<u>Housing Facilities</u>	<u>Parking Facilities</u>
Operating Revenues	\$ 33,092,986	\$ 14,209,785
Depreciation Expense	(5,364,191)	(3,418,961)
Other Operating Expenses	<u>(17,585,382)</u>	<u>(9,128,009)</u>
<b>Operating Income</b>	<u>10,143,413</u>	<u>1,662,815</u>
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	539,363	423,219
Interest Expense	(4,207,814)	(2,062,000)
Other Nonoperating Expenses	<u>-</u>	<u>(362,010)</u>
<b>Net Nonoperating Expenses</b>	<u>(3,668,451)</u>	<u>(2,000,791)</u>
<b>Income/(Loss) Before Transfers</b>	6,474,962	(337,976)
Net Transfers	<u>(1,653,522)</u>	<u>325,519</u>
<b>Increase/(Decrease) in Net Position</b>	4,821,440	(12,457)
Net Position, Beginning of Year	<u>86,599,665</u>	<u>56,014,697</u>
<b>Net Position, End of Year</b>	<u>\$ 91,421,105</u>	<u>\$ 56,002,240</u>

**Condensed Statement of Cash Flows**

	<u>Housing Facilities</u>	<u>Parking Facilities</u>
Net Cash Provided (Used) by:		
Operating Activities	\$ 13,379,448	\$ 4,183,896
Noncapital Financing Activities	29,022	342
Capital and Related Financing Activities	(21,185,854)	(4,892,350)
Investing Activities	<u>4,194,458</u>	<u>697,006</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(3,582,926)	(11,106)
Cash and Cash Equivalents, Beginning of Year	<u>9,653,527</u>	<u>3,575,218</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 6,070,601</u>	<u>\$ 3,564,112</u>

# FLORIDA INTERNATIONAL UNIVERSITY

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

## 21. DISCRETELY PRESENTED COMPONENT UNITS

The University has four component units. As discussed in Note 1, the financial activities of the Research Foundation are not included in the component units' columns of the financial statements. The remaining three component units comprise one hundred percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements.

The following financial information is from the most recently available audited financial statements for the component units:

### Condensed Statement of Net Position Direct-Support Organizations

	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	Total
<b>Assets</b>				
Current Assets	\$ 31,608,480	\$ 5,221,612	\$ 7,807,983	\$ 44,638,075
Capital Assets, Net	7,711,797	-	21,014	7,732,811
Other Noncurrent Assets	<u>406,032,915</u>	<u>14,496,905</u>	<u>4,504,983</u>	<u>425,034,803</u>
<b>Total Assets</b>	<u>445,353,192</u>	<u>19,718,517</u>	<u>12,333,980</u>	<u>477,405,689</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>146,418</u>	<u>-</u>	<u>146,418</u>
<b>Liabilities</b>				
Current Liabilities	7,021,054	3,102,486	2,223,585	12,347,125
Noncurrent Liabilities	<u>493,832</u>	<u>20,976,525</u>	<u>-</u>	<u>21,470,357</u>
<b>Total Liabilities</b>	<u>7,514,886</u>	<u>24,079,011</u>	<u>2,223,585</u>	<u>33,817,482</u>
<b>Deferred Inflows of Resources</b>	<u>281,823</u>	<u>179,954</u>	<u>4,686,519</u>	<u>5,148,296</u>
<b>Net Position</b>				
Net Investment in Capital Assets	7,225,742	-	21,014	7,246,756
Restricted Nonexpendable	205,118,328	-	-	205,118,328
Restricted Expendable	167,324,876	-	-	167,324,876
Unrestricted	<u>57,887,537</u>	<u>(4,394,030)</u>	<u>5,402,862</u>	<u>58,896,369</u>
<b>Total Net Position</b>	<u>\$ 437,556,483</u>	<u>\$ (4,394,030)</u>	<u>\$ 5,423,876</u>	<u>\$ 438,586,329</u>

**FLORIDA INTERNATIONAL UNIVERSITY**

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JUNE 30, 2023

**Condensed Statement of Revenues, Expenses,  
and Changes in Net Position  
Direct-Support Organizations**

	<b>Florida International University Foundation, Inc.</b>	<b>FIU Athletics Finance Corporation</b>	<b>Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.</b>	<b>Total</b>
Operating Revenues	\$ 39,376,515	\$ 5,552,506	\$ 4,746,605	\$ 49,675,626
Depreciation Expense	(205,704)	-	(5,006)	(210,710)
Operating Expenses	<u>(59,756,327)</u>	<u>(2,907,800)</u>	<u>(4,500,369)</u>	<u>(67,164,496)</u>
<b>Operating (Loss) Income</b>	<u>(20,585,516)</u>	<u>2,644,706</u>	<u>241,230</u>	<u>(17,699,580)</u>
Net Nonoperating Revenues (Expenses)				
Investment Income	31,936,344	169,288	109,214	32,214,846
Interest Expense	-	(823,350)	-	(823,350)
Other Nonoperating Revenues (Expenses)	<u>14,168,929</u>	<u>(2,388,010)</u>	<u>-</u>	<u>11,780,919</u>
<b>Net Nonoperating Revenues/(Expenses)</b>	<u>46,105,273</u>	<u>(3,042,072)</u>	<u>109,214</u>	<u>43,172,415</u>
Other Losses	<u>(679,637)</u>	<u>-</u>	<u>-</u>	<u>(679,637)</u>
<b>Increase/(Decrease) in Net Position</b>	24,840,120	(397,366)	350,444	24,793,198
Net Position, Beginning of Year	<u>412,716,363</u>	<u>(3,996,664)</u>	<u>5,073,432</u>	<u>413,793,131</u>
<b>Net Position, End of Year</b>	<u>\$ 437,556,483</u>	<u>\$ (4,394,030)</u>	<u>\$ 5,423,876</u>	<u>\$ 438,586,329</u>

**FLORIDA INTERNATIONAL UNIVERSITY**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE TOTAL OTHER**  
**POSTEMPLOYMENT BENEFITS LIABILITY**

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>
University's Proportion of the Total Other Postemployment Benefits Liability	3.35 %	3.40 %	3.43 %	3.18 %	2.57 %	2.57 %
University's Proportionate Share of the Total Other Postemployment Benefits Liability	\$262,426,832	\$358,187,113	\$352,563,977	\$402,994,810	\$271,175,000	\$277,334,000
University's Covered Payroll	\$459,617,718	\$449,423,678	\$441,956,666	\$426,565,567	\$402,854,082	\$388,298,438
University's Proportionate Share of the Total Other Postemployment Benefits Liability as a Percentage of its Covered Payroll	57.10 %	79.70 %	79.77 %	94.47 %	67.31 %	71.42 %

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

**Notes to Required Supplementary Information:**

No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75 to pay related benefits. The University's June 30, 2023, proportionate share of the total OPEB liability decreased slightly from the prior fiscal year as a result of changes to assumptions as discussed below.

*Changes in Assumptions.* In 2023, amounts reported as changes of assumptions resulted from a change to the discount rate, changes to the demographics of the population and lower premium rates, and updates to medical trend rates. Refer to Note 10 to the financial statements for further detail.

**FLORIDA INTERNATIONAL UNIVERSITY**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	2022 (1)	2021 (1)	2020 (1)	2019 (1)	2018 (1)
University's Proportion of the FRS Net Pension Liability	0.65%	0.63%	0.62%	0.64%	0.62%
University's Proportionate Share of the FRS Net Pension Liability	\$243,533,889	\$ 47,237,454	\$270,111,316	\$219,045,078	\$186,930,731
University's Covered Payroll (2)	\$459,617,718	\$449,423,678	\$441,956,666	\$426,565,567	\$402,854,082
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	52.99 %	10.51 %	61.12 %	51.35 %	46.40 %
FRS Plan Fiduciary Net Pension as a Percentage of the FRS Total Pension Liability	82.89 %	96.40 %	78.85 %	82.61 %	84.26 %

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program 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.

**Notes to Required Supplementary Information:**

*Change of Assumptions.* In 2022, the long-term expected rate of return decreased from 6.80 percent to 6.70 percent.

**FLORIDA INTERNATIONAL UNIVERSITY**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's Proportion of the FRS Net Pension Liability	0.58%	0.58%	0.57%	0.53%	0.38%
University's Proportionate Share of the FRS Net Pension Liability	\$ 172,260,097	\$ 145,845,435	\$ 73,303,925	\$ 32,080,257	\$ 65,503,841
University's Covered Payroll (2)	\$ 388,298,438	\$ 370,763,486	\$ 355,458,891	\$ 332,597,433	\$ 305,657,917
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	44.36 %	39.34 %	20.62 %	9.65 %	21.43 %
FRS Plan Fiduciary Net Pension as a Percentage of the FRS Total Pension Liability	83.89 %	84.88 %	92.00 %	96.09 %	88.54 %

**FLORIDA INTERNATIONAL UNIVERSITY**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF UNIVERSITY CONTRIBUTIONS -**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
Contractually Required FRS Contribution	\$ 29,684,822	\$ 27,929,542	\$ 23,822,815	\$ 20,706,730	\$ 19,721,988
FRS Contributions in Relation to the Contractually Required Contribution	<u>(29,684,822)</u>	<u>(27,929,542)</u>	<u>(23,822,815)</u>	<u>(20,706,730)</u>	<u>(19,721,988)</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$468,730,623	\$459,617,718	\$449,423,678	\$441,956,666	\$426,565,567
FRS Contributions as a Percentage of Covered Payroll	6.33 %	6.08 %	5.30 %	4.69 %	4.62 %

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program 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.

**Notes to Required Supplementary Information:**

*Change of Assumptions.* In 2022, the long-term expected rate of return decreased from 6.80 percent to 6.70 percent.

**FLORIDA INTERNATIONAL UNIVERSITY**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF UNIVERSITY CONTRIBUTIONS -**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<b>2018 (1)</b>	<b>2017 (1)</b>	<b>2016 (1)</b>	<b>2015 (1)</b>	<b>2014 (1)</b>
Contractually Required FRS Contribution	\$ 17,686,866	\$ 15,160,433	\$ 14,085,792	\$ 13,836,828	\$ 11,516,793
FRS Contributions in Relation to the Contractually Required Contribution	<u>(17,686,866)</u>	<u>(15,160,433)</u>	<u>(14,085,792)</u>	<u>(13,836,828)</u>	<u>(11,516,793)</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$402,854,082	\$388,298,438	\$370,763,486	\$355,458,891	\$332,597,433
FRS Contributions as a Percentage of Covered Payroll	4.39 %	3.90 %	3.80 %	3.89 %	3.46 %



**FLORIDA INTERNATIONAL UNIVERSITY**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>
University's Proportion of the HIS Net Pension Liability	0.53%	0.53%	0.52%	0.52%	0.50%
University's Proportionate Share of the HIS Net Pension Liability	\$ 56,610,696	\$ 65,172,184	\$ 63,843,336	\$ 58,182,613	\$ 53,094,937
University's Covered Payroll (2)	\$ 188,456,096	\$ 182,271,803	\$ 178,126,318	\$ 168,199,711	\$ 156,730,885
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	30.04 %	35.76 %	35.84 %	34.59 %	33.88 %
HIS Plan Fiduciary Net Pension as a Percentage of the HIS Total Pension Liability	4.81 %	3.56 %	3.00 %	2.63 %	2.15 %

- (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.

**Notes to Required Supplementary Information:**

*Change of Assumptions.* In 2022, the municipal rate used to determine total pension liability increased from 2.16 percent to 3.54 percent. In addition, the demographic assumptions for the Special Risk class were updated to reflect plan changes and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.

**FLORIDA INTERNATIONAL UNIVERSITY**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<b>2017 (1)</b>	<b>2016 (1)</b>	<b>2015 (1)</b>	<b>2014 (1)</b>	<b>2013 (1)</b>
University's Proportion of the HIS Net Pension Liability	0.49%	0.48%	0.47%	0.45%	0.42%
University's Proportionate Share of the HIS Net Pension Liability	\$ 52,274,414	\$ 56,235,698	\$ 48,191,110	\$ 42,007,145	\$ 36,379,258
University's Covered Payroll (2)	\$ 168,353,927	\$ 147,667,524	\$ 140,089,301	\$ 130,882,051	\$ 118,388,264
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	31.05 %	38.08 %	34.40 %	32.10 %	30.73 %
HIS Plan Fiduciary Net Pension as a Percentage of the HIS Total Pension Liability	1.64 %	0.97 %	0.50 %	0.99 %	1.78 %

**FLORIDA INTERNATIONAL UNIVERSITY**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF UNIVERSITY CONTRIBUTIONS -**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
Contractually Required HIS Contribution	\$ 3,584,299	\$ 3,234,096	\$ 3,122,998	\$ 3,013,138	\$ 2,887,500
HIS Contributions in Relation to the Required HIS Contribution	<u>(3,584,299)</u>	<u>(3,234,096)</u>	<u>(3,122,998)</u>	<u>(3,013,138)</u>	<u>(2,887,500)</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$ 188,602,098	\$ 188,456,096	\$ 182,271,803	\$ 178,126,318	\$ 168,199,711
HIS Contributions as a Percentage of Covered Payroll	1.90 %	1.72 %	1.71 %	1.69 %	1.72 %

(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.

**Notes to Required Supplementary Information:**

*Change of Assumptions. Change of Assumptions.* In 2022, the municipal rate used to determine total pension liability increased from 2.16 percent to 3.54 percent. In addition, the demographic assumptions for the Special Risk class were updated to reflect plan changes and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.

**FLORIDA INTERNATIONAL UNIVERSITY**  
**OTHER REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF UNIVERSITY CONTRIBUTIONS -**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Contractually Required HIS Contribution	\$ 2,720,447	\$ 2,587,349	\$ 2,473,222	\$ 1,806,322	\$ 1,539,022
HIS Contributions in Relation to the Required HIS Contribution	<u>(2,720,447)</u>	<u>(2,587,349)</u>	<u>(2,473,222)</u>	<u>(1,806,322)</u>	<u>(1,539,022)</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$ 156,730,885	\$ 168,353,927	\$ 147,667,524	\$ 140,089,301	\$ 130,882,051
HIS Contributions as a Percentage of Covered Payroll	1.74 %	1.54 %	1.67 %	1.29 %	1.18 %



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 21, 2024, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University'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.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University'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 University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 University'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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University'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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large initial "S" and "N".

Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 21, 2024  
Audit Report No. 2024-135





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ANNUAL REPORT 2022-2023