

FLORIDA INTERNATIONAL UNIVERSITY

ANNUAL REPORT 2023-2024

FIU

PREEMINENT TOP-50 RESEARCH UNIVERSITY



BOARD OF TRUSTEES AND PRESIDENT

During the 2023-24 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:

Rogelio Tovar, Chair

Carlos A. Duarte, Vice Chair

Cesar L. Alvarez, JD, to June 27, 2024

Dr. Jose J. Armas, MD, to September 11, 2023

Noël C. Barengo, MD, from August 1, 2023 (1)

Dr. Deanne Butchey, to July 31, 2023 (1)

Francesca Casanova, from May 6, 2024 (2)

Dean C. Colson, JD

Alan Gonzalez

Francis A. Hondal

Natasha Lowell

Yaffa Popack, from September 12, 2023

T. Gene Prescott

Chanel T. Rowe, JD

Marc D. Sarnoff, JD

Alexander P. Sutton, to May 6, 2024 (2)

Alberto R. Taño, MD, from June 28, 2024

Notes: (1) Faculty Senate Chair.

(2) Student Body President.



FLORIDA INTERNATIONAL UNIVERSITY

ANNUAL REPORT 2023-24

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Message from the President



Florida International University (FIU) has experienced an exceptional year, with numerous accolades and achievements that position FIU as a leading American university.

With a focus on student success, research excellence and community impact, FIU continues to rise. As we near the end of 2024, here are some highlights that fill us with Panther Pride.

FIU was named a Top 50 public university - and a Top 100 university nationwide - by U.S News and World Report Best Colleges 2025. Ranked No. 46 among public universities and No. 98 overall, climbing 18 and 26 spots respectively, FIU has risen faster than any other university, public or private, in the past decade.

This summer, FIU was designated a preeminent research university, earning us a place among Florida's elite institutions. Additionally, FIU once again ranked first among Florida public universities in performance metrics. The Wall Street Journal also ranked us the top university in Florida, as well as No.1 for social mobility and No. 3 in student experience; Washington Monthly ranked us No.1 in Florida and Top 20 nationwide. Our university was also recognized as a Best College to Work For!

This year, FIU received its largest state capital funding allocation - \$100 million – for the creation of a health sciences clinical research facility, which will serve as a cornerstone of our partnership with Baptist Health. Together, we will elevate patient care, address the nationwide physician shortage, and accelerate medical research in our region.

At FIU, very high research (R1) activity and high social mobility come together to uplift and accelerate student success in a global city, with a focus on the environment, health and innovation. With a student body of more than 56,000, as well as 320,000 alumni, FIU is a major force in the State of Florida and a leader in research at the national level.

None of this would be achievable without the dedication and hard work of our students, faculty, staff, alumni, and community supporters. Together, we represent what it truly means to be a thriving and successful university.

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

Sincerely,

A handwritten signature in black ink, reading "Kenneth A. Jessell".

Kenneth A. Jessell
President



Introduction from the Senior Vice President and Chief Financial Officer



I am pleased to present FIU's 2023-24 Annual Financial Report, which provides detailed information about the financial activities, results of operations, and financial position for FIU, its direct support organizations, and the university health services support organization. FIU's financial operations and investments are a vital component in helping the university achieve its mission and goals related to student success, research excellence, and impact in our community and the State of Florida. As stewards of the university's financial resources, the Division of Finance and Administration supports FIU leadership in the strategic allocation of financial resources and the timely reporting of financial information for decision-making, as well as assists in identifying new revenue opportunities and partnerships to support our educational mission and strategic goals.

This past fiscal year, FIU had memorable achievements. FIU solidified its reputation as a global leader and continued to excel in student success and research excellence. I am proud to share the following noteworthy achievements over the past fiscal year:

- FIU welcomed its largest class of freshmen attending college for the first time in university history, with more than 5,000 incoming students. This is a significant achievement in the face of declining enrollment nationwide and a testament to FIU's reputation and the hard work of our faculty and staff.
- Cancer researcher Diana Azzam, an assistant professor of environmental health sciences, and the Azzam Lab successfully conducted a first-of-its-kind clinical trial which used a unique functional precision medicine approach to help fight hard-to-treat pediatric cancers. Truly inspiring!
- FIU and the FIU Health Care Network successfully executed an affiliation agreement with Baptist Health, the largest not-for-profit healthcare system in South Florida, to establish a transformational partnership. The new relationship sets Baptist Hospital on track to become a statutory teaching hospital with expanded medical education programs, clinical research, and patient care. This will also include a future medical facility at FIU's Modesto A. Maidique campus.
- FIU's top-ranked Chaplin School of Hospitality and Tourism Management continues to innovate. The School offers The David Grutman Experience, which is the most popular course offered at FIU. Students receive real-world advice and inspiration from a steady stream of savvy, accomplished celebrities-turned-businesspeople, from actor Jason Momoa to musicians Drake and Bad Bunny to soccer star David Beckham, to name a few. This year, the Vidal-Duart Wine Studies Program was created thanks to the support of two outstanding alumni that will help expand the faculty and curriculum and provide additional experiential learning opportunities for students. The school also continues co-hosting the renowned South Beach Wine and Food Festival (SOBEWFF®), a national, star-studded, four-day destination event displaying the talents of the world's most renowned wine and spirits producers, chefs, and culinary personalities.

FIU has ambitious goals and continues to grow and maintain its capital infrastructure as well. The FIU deferred building maintenance program received a much-appreciated boost with \$30.8 million in funding

from the federal State Fiscal Recovery Fund (SFRF) to help keep our buildings safe and functional for the use of our students, faculty, staff, and community. The completion of the Biscayne Bay Campus STAR simulation center and state-of-the-art anatomy labs provide our healthcare students with the best-in-class facilities in support of their learning experiences. Furthermore, the Steven J. Green School of International & Public Affairs phase II building opened in the fall. This will provide over 85,000 square feet for students and faculty to connect and collaborate. Other major projects that are in planning or construction phases include: a student residential building and dining hall, Engineering and Innovation Complex Phase I and II, the Trish and Dan Bell Chapel, the Herbert Wertheim College of Medicine Academic Health Sciences/Clinical Partnership building, the Wolfsonian Museum expansion and the FIU CasaCuba at the Benjamín León Jr. Building, which will be a multidimensional Cuban cultural and academic center that facilitates the discussion and study of Cuban affairs.

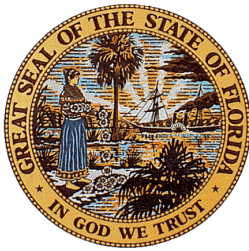
In conclusion, the financial results for this period reflect solid performance, with notable growth in our revenue streams and a strong balance sheet that positions us well for future opportunities. We remain committed to our strategic goals and to delivering value to our students and community. I would like to express my sincere gratitude to our dedicated faculty, staff, governing bodies and partners for their hard work and commitment to our university. I am confident that, together, we can achieve remarkable accomplishments.

Sincerely,

A handwritten signature in blue ink that reads "Aime Martinez". The signature is fluid and cursive, with the first name "Aime" and last name "Martinez" clearly distinguishable.

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

INDEPENDENT AUDITOR'S REPORT

Report on the 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, 2024, 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 the 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, 2024, 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, 2024. 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.

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 GAAS, 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 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 27, 2025, 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, reading "Sherrill F. Norman". The signature is fluid and cursive, with a large initial "S" and a distinct "F" before the last name.

Sherrill F. Norman, CPA
Tallahassee, Florida
February 27, 2025
Audit Report No. 2025-133

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, 2024, 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, 2024, and June 30, 2023.

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:

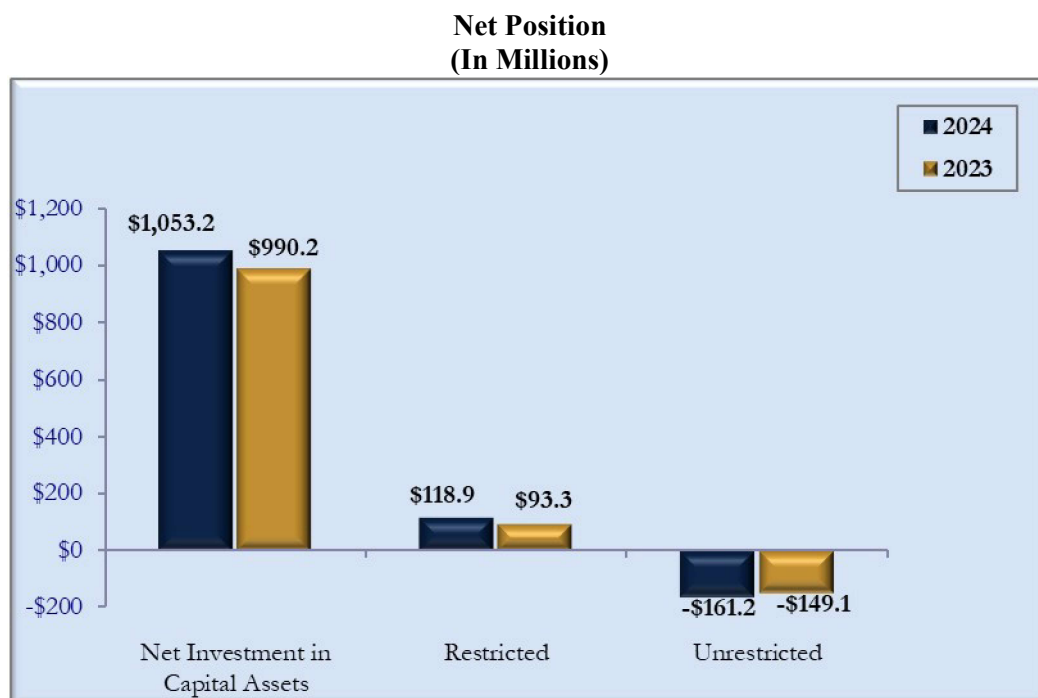
- Florida International University Foundation, Inc. (Foundation)
- FIU Athletics Finance Corporation (Finance Corporation)
- Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (Health Care Network)

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, 2024, and June 30, 2023, 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>2024</u>	<u>2023</u>
Assets		
Current Assets	\$ 754.4	\$ 706.9
Capital Assets, Net	1,269.3	1,216.6
Other Noncurrent Assets	<u>28.4</u>	<u>33.4</u>
Total Assets	<u>2,052.1</u>	<u>1,956.9</u>
Deferred Outflows of Resources	<u>170.4</u>	<u>195.2</u>
Liabilities		
Current Liabilities	99.6	104.3
Noncurrent Liabilities	<u>929.6</u>	<u>893.1</u>
Total Liabilities	<u>1,029.2</u>	<u>997.4</u>
Deferred Inflows of Resources	<u>182.4</u>	<u>220.3</u>
Net Position		
Net Investment in Capital Assets	1,053.2	990.2
Restricted	118.9	93.3
Unrestricted	<u>(161.2)</u>	<u>(149.1)</u>
Total Net Position	<u>\$ 1,010.9</u>	<u>\$ 934.4</u>

Total assets as of June 30, 2024, increased by \$95.2 million, or 4.9 percent. This increase is mainly attributed to a net increase in capital assets of \$52.7 million resulting primarily from the capitalization of the SIPA II building, a surge in nondepreciable capital assets mostly from construction in progress including the new Engineering Building and capitalized donated land, and donated artwork to the Frost and Wolfsonian Museums. Additionally, there was a rise in current assets of \$47.5 million mostly from increases in investments and receivables largely related to capital appropriations due from the State and donations from component units.

Total liabilities as of June 30, 2024, increased by \$31.8 million, or 3.2 percent. The increase was primarily driven by a rise in the University's proportionate share of noncurrent pension liabilities of \$32.3 million and a \$17.5 million increase in the noncurrent portion of other postemployment benefits. These increases were partially offset by a decrease of \$9.6 million in combined current and noncurrent deferred revenue mainly from State capital appropriations for construction projects as well as a decline of \$8.3 million in capital improvement debt payable.

Deferred outflows of resources decreased by \$24.8 million from activity related to pensions and other postemployment benefits. Deferred inflows of resources decreased by \$37.9 million from activity related to pensions, other postemployment benefits and right-to-use leases.

As a result, the University's net position increased by \$76.5 million, or 8.2 percent, resulting in a fiscal year-end balance of \$1,010.9 million, which includes a deficit in unrestricted net position. This deficit is discussed further in the notes to the financial statements.

FLORIDA INTERNATIONAL UNIVERSITY

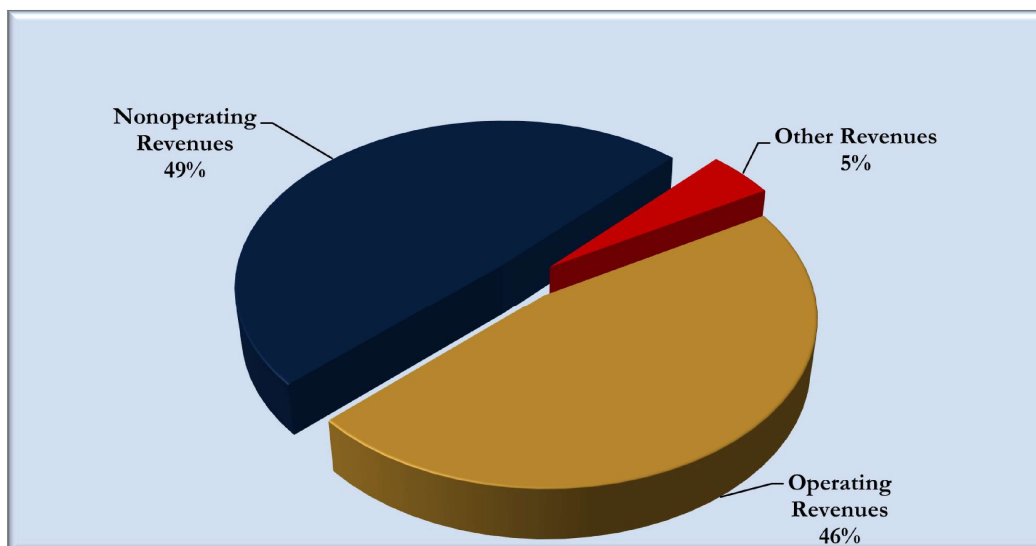
A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2023-24 fiscal year:

Total Revenues



The following summarizes the University's activity for the 2023-24 and 2022-23 fiscal years:

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

	<u>2023-24</u>	<u>2022-23</u>
Operating Revenues	\$ 646.3	\$ 637.4
Less, Operating Expenses	<u>1,315.3</u>	<u>1,195.4</u>
Operating Loss	(669.0)	(558.0)
Net Nonoperating Revenues	<u>682.6</u>	<u>587.9</u>
Income Before Other Revenues	13.6	29.9
Other Revenues	<u>62.9</u>	<u>99.3</u>
Net Increase in Net Position	76.5	129.2
Net Position, Beginning of Year	<u>934.4</u>	<u>805.2</u>
Net Position, End of Year	<u><u>\$ 1,010.9</u></u>	<u><u>\$ 934.4</u></u>

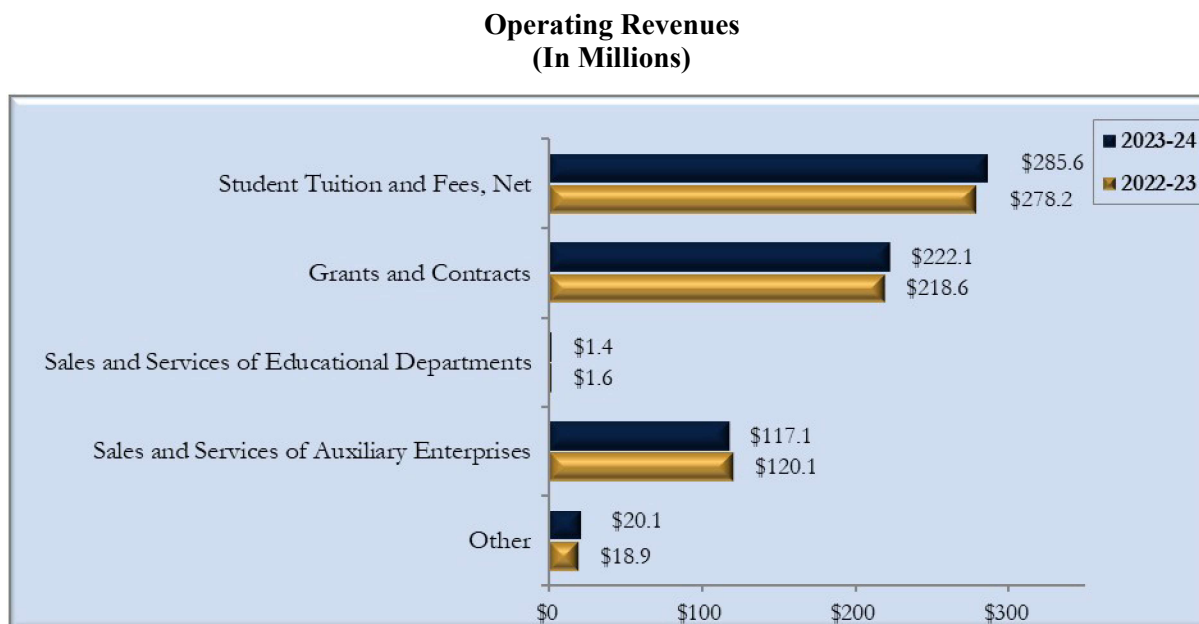
FLORIDA INTERNATIONAL UNIVERSITY

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 2023-24 and 2022-23 fiscal years:



The following summarizes the operating revenues by source that were used to fund operating activities for the 2023-24 and 2022-23 fiscal years:

Operating Revenues For the Fiscal Years (In Millions)

	2023-24	2022-23
Student Tuition and Fees, Net	\$ 285.6	\$ 278.2
Grants and Contracts	222.1	218.6
Sales and Services of Educational Departments	1.4	1.6
Sales and Services of Auxiliary Enterprises	117.1	120.1
Other	20.1	18.9
Total Operating Revenues	\$ 646.3	\$ 637.4

The University total operating revenues increased by \$8.9 million, or 1.4 percent, over the 2022-23 fiscal year. Operating revenue changes were the result of the following factors:

- Net student tuition and fees revenue increased \$7.4 million or 2.7 percent. This increase was due to various factors including higher undergraduate tuition and fees revenue from more out-of-State students who pay the out-of-State fee, an increase in the rate paid by fully online students, and tuition revenue for the China programs that, due to a regulatory change, shifted enrollment revenue reported to undergraduate tuition instead of market rate/self-supporting program revenue. These increases were partially offset mostly by a proportional increase in the scholarship allowance.
- Grants and contracts revenue increased \$3.5 million or 1.6 percent. The increase was primarily driven by revenue related to Alzheimer's research as part of the new partnership with Baptist Hospital system along with increases in revenue from several other private contracts and grants.

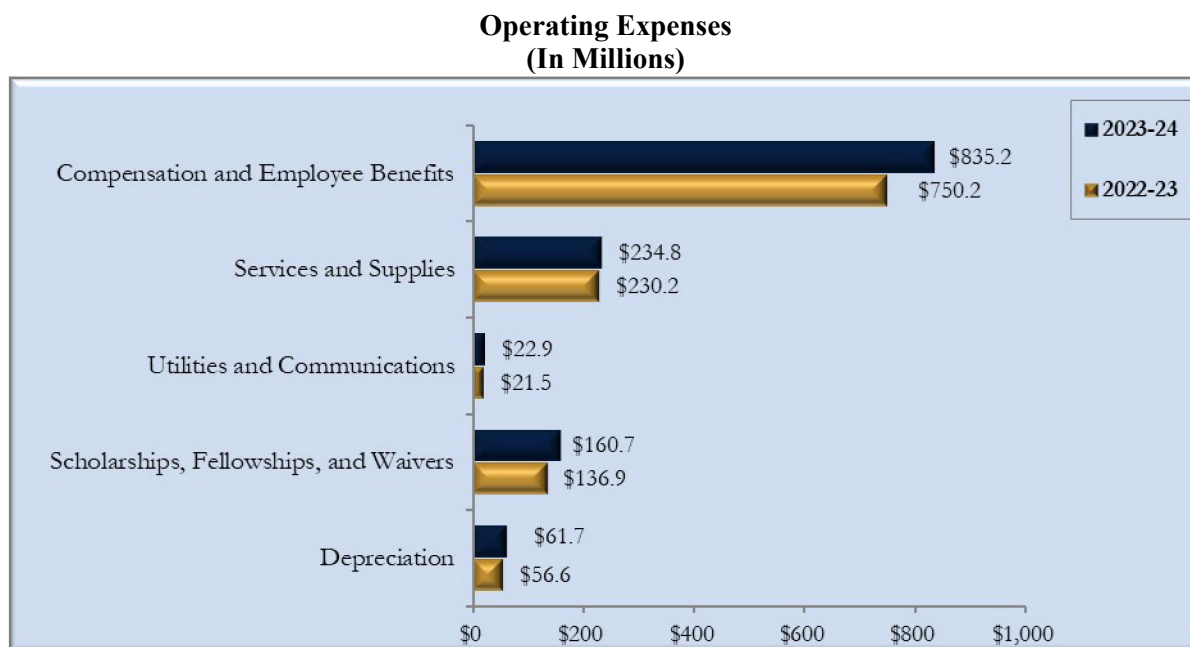
FLORIDA INTERNATIONAL UNIVERSITY

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 2023-24 and 2022-23 fiscal years:



The following summarizes the operating expenses by natural classification for the 2023-24 and 2022-23 fiscal years:

Operating Expenses For the Fiscal Years (In Millions)		
	2023-24	2022-23
Compensation and Employee Benefits	\$ 835.2	\$ 750.2
Services and Supplies	234.8	230.2
Utilities and Communications	22.9	21.5
Scholarships, Fellowships, and Waivers	160.7	136.9
Depreciation	61.7	56.6
Total Operating Expenses	\$ 1,315.3	\$ 1,195.4

Changes in operating expenses primarily resulted from the following factors:

- Compensation and employee benefits increased \$85 million, or 11.3 percent. The higher expenses were mainly attributed to a \$39.8 million increase in pension expense related to the University's proportionate share from the Florida Retirement System (FRS), along with higher compensation and salary expenses from a five percent across-the-board salary increase and one-time bonuses. Consequently, the salary increases combined with higher FRS employer contribution rates across most employee classes drove an \$8.4 million increase in State Retirement expense.

FLORIDA INTERNATIONAL UNIVERSITY

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

- Scholarship, fellowship, and waiver expenses increased by \$23.8 million, or 17.4 percent, mostly from scholarships from Pell, Bright Futures, and tuition differential. Additionally, an increase in waivers from enrollment increase in the Shorelight program, the change for fully online students being charged full tuition with the differential in price expenses as waivers, and graduate students are now required to be charged full out-of-State tuition and waive the out-of-State fee.
- Depreciation and amortization expense increased by \$5.1 million, or 9 percent. The higher expenses resulted mainly from the capitalization of depreciable assets, the most prevalent being the Lakeview Housing interior refresh, SIPA II, and the Wellness Walk, along with additional amortization of assets capitalized for right-to-use assets and Subscription Based Information Technology Arrangement (SBITA) assets.

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 2023-24 and 2022-23 fiscal years:

Nonoperating Revenues (Expenses) For the Fiscal Years (In Millions)		
	<u>2023-24</u>	<u>2022-23</u>
State Noncapital Appropriations	\$ 424.5	\$ 362.1
Federal and State Student Financial Aid	195.4	182.7
Noncapital Grants, Contracts, and Gifts	36.5	35.1
Investment Income	31.0	16.1
Other Nonoperating Revenues	3.6	4.5
Loss on Disposal of Capital Assets	(0.3)	(0.7)
Interest on Capital Asset-Related Debt	(6.8)	(7.4)
Other Nonoperating Expenses	<u>(1.3)</u>	<u>(4.5)</u>
Net Nonoperating Revenues	<u>\$ 682.6</u>	<u>\$ 587.9</u>

Net nonoperating revenues increased by \$94.7 million, or 16.1 percent, from the 2022-23 fiscal year. Net nonoperating revenues changes were due mainly to the following factors:

- State noncapital appropriations increased \$62.4 million, mostly due to the following: \$35 million for operational support, \$24.1 million of performance funding, and \$5 million for the Adam Smith Center for the Study of Economic Freedom. These increases were partially offset by slight decreases across the remaining programs.
- Federal and State student financial aid increased by \$12.7 million, primarily driven by revenues from Pell awards.
- Investment income increased by \$14.9 million in large part due to unrealized gains resulting from improved investment performance in commodities, fixed income, and hedge fund asset allocations, an increase in interest and dividends due to higher yields in the working capital pool, as well as a favorable year-over-year variance in gain on the sale of investments from large cap equities.

FLORIDA INTERNATIONAL UNIVERSITY

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

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 2023-24 and 2022-23 fiscal years:

Other Revenues For the Fiscal Years (In Millions)		
	<u>2023-24</u>	<u>2022-23</u>
State Capital Appropriations	\$ 40.0	\$ 69.8
Capital Grants, Contracts, and Donations	<u>22.9</u>	<u>29.5</u>
Total	<u>\$ 62.9</u>	<u>\$ 99.3</u>

Total other revenues decreased by \$36.4 million, or 36.7 percent, due to a decrease of \$29.8 million in revenue earned from State capital appropriations for construction projects and a decrease of \$6.6 million in capital grants, contracts, and donations as compared to the 2022-23 fiscal year.

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.

The following summarizes cash flows for the 2023-24 and 2022-23 fiscal years:

Condensed Statement of Cash Flows For the Fiscal Years (In Millions)		
	<u>2023-24</u>	<u>2022-23</u>
Cash Provided (Used) by:		
Operating Activities	\$ (563.7)	\$ (506.4)
Noncapital Financing Activities	655.6	580.1
Capital and Related Financing Activities	(86.4)	(79.9)
Investing Activities	<u>(10.7)</u>	<u>(21.5)</u>
Net Decrease in Cash and Cash Equivalents	(5.2)	(27.7)
Cash and Cash Equivalents, Beginning of Year	<u>56.9</u>	<u>84.6</u>
Cash and Cash Equivalents, End of Year	<u>\$ 51.7</u>	<u>\$ 56.9</u>

Major sources of funds came from proceeds from sales and maturities of investments \$1 billion, State noncapital appropriations \$424.5 million, net student tuition and fees \$284.5 million, grants and contracts \$220.7 million, Federal Direct Student Loan program receipts \$207.5 million, Federal and State student financial aid \$195.3 million, and sales and services of auxiliary enterprises \$118.3 million. Major uses of funds were for purchases of investments \$1 billion, payments made to and on behalf of employees \$794.1 million, payments to suppliers \$256 million, disbursements to students for Federal Direct Student Loan program \$207.9 million, payments to and on behalf of students for scholarships and fellowships \$160.7 million, and purchases of capital assets \$107 million.

FLORIDA INTERNATIONAL UNIVERSITY

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

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the University had \$2.2 billion in capital assets, less accumulated depreciation/amortization of \$883.4 million, for net capital assets of \$1.3 billion. Depreciation for the current fiscal year totaled \$61.7 million.

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

Capital Assets, Net at June 30 (In Millions)

	<u>2024</u>	<u>2023</u>
Land	\$ 38.0	\$ 32.8
Works of Art and Historical Treasures	13.8	11.4
Construction in Progress	227.5	199.3
Buildings	838.9	821.4
Infrastructure and Other Improvements	40.6	40.7
Furniture and Equipment	66.0	60.9
Library Resources	8.7	11.3
Leasehold Improvements	0.2	-
Computer Software	0.3	0.4
Right-to-Use Space Lease	26.3	32.5
Right-to-Use Equipment Lease	3.0	0.8
Subscription-Based Information Technology Arrangements	<u>6.0</u>	<u>5.1</u>
Capital Assets, Net	<u><u>\$ 1,269.3</u></u>	<u><u>\$ 1,216.6</u></u>

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2024, were incurred on the following projects: \$34.1 million for the Engineering Building Phases I and II, \$18.5 million for Auxiliary Construction Projects, \$6 million for the Nondenominational Chapel, \$4.6 million for the Midscale RI-1 NICHE Research Wind Tunnel, \$4.2 million for Deferred Building Maintenance, and \$4 million for the Engineering Building.

The University's construction commitments at June 30, 2024, are as follows:

	<u>Amount</u> <u>(In Millions)</u>
Total Committed	\$ 419.6
Completed to Date	<u>(227.5)</u>
Balance Committed	<u><u>\$ 192.1</u></u>

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

FLORIDA INTERNATIONAL UNIVERSITY

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

Debt Administration

As of June 30, 2024, the University had \$219 million in outstanding capital improvement debt payable, leases payable, and SBITA liability, representing a decrease of \$9.9 million, or 4.3 percent, from the prior fiscal year.

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

Long-Term Debt, at June 30 (In Millions)

	<u>2024</u>	<u>2023</u>
Capital Improvement Debt	\$ 181.5	\$ 189.7
Leases Payable	31.1	34.0
SBITA Liability	<u>6.4</u>	<u>5.2</u>
Total	<u><u>\$ 219.0</u></u>	<u><u>\$ 228.9</u></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

Florida's economy is demonstrating resilience and potential for future growth, highlighted by a positive Gross Domestic Product (GDP) increase in the latest fiscal year. Florida's GDP saw a positive increase of 0.1 percent in the fiscal year 2023-24, reaching an impressive 4.5 percent. Looking ahead, while State economists project a moderation in growth to 2.1 percent for the fiscal year 2024-25 and 1.9 percent for the following fiscal year, the overall economic landscape remains robust. Additionally, when considering State reserves, general revenue, and expenditure forecasts, State economists have an optimistic outlook with an estimated surplus of \$2.1 billion in the fiscal year 2025-26. Although a deficit of \$6.9 billion is anticipated in the fiscal year 2027-28, the proactive timing of fiscal strategies will play a crucial role in maximizing funding for the State University System and supporting continued growth and innovation.

The 2024 Florida Legislative session ended on March 8, 2024, and the Governor approved the fiscal year 2024-25, General Appropriations Act (House Bill 5001) on June 12, 2024. FIU received \$449.8 million in operating state appropriations in the fiscal year 2024-25, which is an additional \$29.9 million or 7.1 percent over the prior year. Of the additional appropriations, \$25 million is from FIU's recent achievement of receiving the designation of Preeminent Research State University by the Florida State University System Board of Governors. Additional operating State appropriations include \$0.7 million of incremental Performance Based Incentives from FIU's proportional share of the State investment of \$350 million. FIU ranked number one in performance funding. FIU also received \$16 million for the Adam Smith Center for the Study of Economic Freedom of which \$1 million is non-recurring; a \$10.2 million non-recurring appropriation for Performance Based Recruitment and Retention Incentives; \$6 million for the Florida Public Hurricane Loss Model of which \$5 million is non-recurring; \$0.2 million for the FIU Cuban-American Studies Research Institute and Miami-Dade Public Schools collaboration for teacher professional development. These increases were reduced by reductions of \$0.1 million in pass-through funds for risk management insurance premium; \$0.5 million reduction for the Nursing Education (PIPELINE) program; and non-recurring prior year appropriation reductions totaling \$27.5 million of which \$17.5 million is from Performance Based Recruitment and Retention Incentives and \$10 million of operational support. Consistent with prior years, tuition and fees remain unchanged at all levels. FIU also received capital appropriations of \$106.3 million of which \$100 million is for the Herbert Wertheim College of Medicine Academic Health Sciences/Clinical Facility and \$6.3 million for various other projects such as the expansion and renovation of the Graham Student Center, and a future Aquatic Center, both on the Modesto A. Maidique Campus.

FIU continues to be recognized nationally as a leading American research institution. The U.S. News and World Reports Best Colleges 2025 ranks FIU No. 46 among public universities and No. 98 overall. The University achieved a long-time goal of being a top 50 ranked institution. FIU is the fastest rising university in the past 10 years. In the Wall Street Journal's America's Best Colleges 2025 rankings, FIU stands out across public and private institutions as the top university in Florida, sixth in the nation for social mobility, and third in the nation for student experience. In addition to being named a Preeminent Research State University, FIU secured the highest score in the Florida Board of Governors performance metrics for the third time in four years. These results reflect FIU's unwavering commitment to innovation and progress and a spirit that is 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, 2024**

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 50,259,280	\$ 21,704,125
Investments	497,921,546	15,321,619
Accounts Receivable, Net	49,512,329	15,939,444
Loans and Notes Receivable, Net	120,353	-
Leases Receivable	555,664	563,917
Due from State	134,414,550	-
Due from Component Units/University	16,261,467	4,351,792
Inventories	469,640	-
Other Current Assets	4,906,742	2,083,830
Total Current Assets	754,421,571	59,964,727
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	1,470,128	-
Restricted Investments	24,216,856	425,890,315
Loans and Notes Receivable, Net	400,541	18,625,653
Leases Receivable	1,453,057	4,212,717
Depreciable/Amortizable Capital Assets, Net	989,939,144	4,064,153
Nondepreciable Capital Assets	279,318,619	4,950,572
Due from Component Units	852,242	-
Other Noncurrent Assets	-	10,323,992
Total Noncurrent Assets	1,297,650,587	468,067,402
Total Assets	2,052,072,158	528,032,129
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	70,621,258	-
Pensions	99,817,698	-
Deferred Amount on Bond Debt Refundings	-	131,400
Total Deferred Outflows of Resources	170,438,956	131,400
LIABILITIES		
Current Liabilities:		
Accounts Payable	22,840,041	787,184
Construction Contracts Payable	11,406,810	-
Salaries and Wages Payable	8,249,997	-
Deposits Payable	4,759,485	-
Due to State	289,247	-
Due to Component Units/University	4,351,792	16,261,467
Unearned Revenue	17,007,163	296,595
Other Current Liabilities	1,607,680	156,241
Long-Term Liabilities - Current Portion		
Bonds Payable	-	1,825,000
Capital Improvement Debt Payable	8,701,528	-
Leases Payable	5,886,280	-
Subscription Arrangements Liability	1,542,209	-
Compensated Absences Payable	5,477,557	-
Liability for Self-Insured Claims	1,954	-
Other Postemployment Benefits Payable	7,480,294	-
Total Current Liabilities	99,602,037	19,326,487

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

STATEMENT OF NET POSITION (CONTINUED)

AS OF JUNE 30, 2024

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	-	17,535,000
Capital Improvement Debt Payable	172,765,135	-
Leases Payable	25,166,313	-
Subscription Arrangements Liability	4,818,304	-
Compensated Absences Payable	53,262,986	-
Due to University	-	852,242
Other Postemployment Benefits Payable	273,147,563	-
Unearned Revenue	67,289,850	-
Liability for Self-Insured Claims	224,761	-
Other Long-Term Liabilities	549,361	945,561
Net Pension Liability	332,414,875	-
Total Noncurrent Liabilities	929,639,148	19,332,803
Total Liabilities	1,029,241,185	38,659,290
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	163,114,988	-
Pensions	17,384,519	-
Leases	1,924,978	4,572,221
Accumulated Increases in Fair Value of Hedging Derivatives	-	293,319
Total Deferred Inflows of Resources	182,424,485	4,865,540
NET POSITION		
Net Investment in Capital Assets	1,053,182,127	8,588,367
Restricted for Nonexpendable:		
Endowment	-	213,440,170
Restricted for Expendable:		
Debt Service	78,027	-
Loans	2,027,372	-
Capital Projects	82,761,167	-
Other	33,983,707	184,568,720
Unrestricted	(161,186,956)	78,041,442
TOTAL NET POSITION	\$ 1,010,845,444	\$ 484,638,699

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, 2024**

	<u>University</u>	<u>Component Units</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$195,913,569	\$ 285,634,541	\$ -
Federal Grants and Contracts	170,600,065	-
State and Local Grants and Contracts	16,507,843	-
Nongovernmental Grants and Contracts	34,862,941	-
Sales and Services of Educational Departments	1,430,446	-
Sales and Services of Auxiliary Enterprises	117,131,305	-
Sales and Services of Component Units	-	13,167,225
Gifts and Donations	-	35,466,729
Interest on Loans and Notes Receivable	1,124	-
Other Operating Revenues	20,108,410	9,157,847
Total Operating Revenues	<u>646,276,675</u>	<u>57,791,801</u>
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	835,204,107	-
Services and Supplies	234,786,268	70,707,723
Utilities and Communications	22,852,600	391,769
Scholarships, Fellowships, and Waivers	160,684,074	-
Depreciation/Amortization	61,733,281	221,882
Self-Insurance Claims	43,826	-
Total Operating Expenses	<u>1,315,304,156</u>	<u>71,321,374</u>
Operating Loss	<u>(669,027,481)</u>	<u>(13,529,573)</u>
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	424,483,021	-
Federal and State Student Financial Aid	195,341,493	-
Noncapital Grants, Contracts, and Gifts	36,475,755	-
Investment Income	31,040,416	46,817,653
Other Nonoperating Revenues	3,586,647	15,846,299
Loss on Disposal of Capital Assets	(320,829)	-
Interest on Capital Asset-Related Debt	(6,756,749)	(870,485)
Other Nonoperating Expenses	(1,268,741)	(2,211,524)
Net Nonoperating Revenues	<u>682,581,013</u>	<u>59,581,943</u>
Income Before Other Revenues	13,553,532	46,052,370
State Capital Appropriations	39,994,404	-
Capital Grants, Contracts, and Donations	22,911,641	-
Increase in Net Position	76,459,577	46,052,370
Net Position, Beginning of Year	934,385,867	438,586,329
Net Position, End of Year	<u>\$ 1,010,845,444</u>	<u>\$ 484,638,699</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, 2024**

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 284,515,941
Grants and Contracts	220,675,595
Sales and Services of Educational Departments	1,430,447
Sales and Services of Auxiliary Enterprises	118,297,111
Interest on Loans and Notes Receivable	(106)
Payments to Employees	(794,078,781)
Payments to Suppliers for Goods and Services	(256,018,096)
Payments to Students for Scholarships and Fellowships	(160,684,072)
Payments on Self-Insured Claims	(39,298)
Loans Issued to Students	(1,235,990)
Collection on Loans to Students	1,417,218
Other Operating Receipts	22,068,415
Net Cash Used by Operating Activities	(563,651,616)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	424,483,021
Federal and State Student Financial Aid	195,341,493
Noncapital Grants, Contracts, and Gifts	35,747,446
Federal Direct Loan Program Receipts	207,495,620
Federal Direct Loan Program Disbursements	(207,873,872)
Net Change in Funds Held for Others	254,328
Other Nonoperating Receipts	998,249
Other Nonoperating Disbursements	(885,525)
Net Cash Provided by Noncapital Financing Activities	655,560,760
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	30,747,558
Capital Grants, Contracts, and Donations	15,241,786
Other Receipts for Capital Projects	1,863,263
Capital Subsidies and Transfers	(5,978,233)
Purchase or Construction of Capital Assets	(106,951,538)
Principal Paid on Capital Debt and Leases	(14,367,520)
Interest Paid on Capital Debt and Leases	(7,658,277)
Principal Received on Capital Debt and Leases	637,796
Interest Received on Capital Debt and Leases	60,392
Net Cash Used by Capital and Related Financing Activities	(86,404,773)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,007,458,404
Purchase of Investments	(1,034,807,406)
Investment Income	16,641,021
Net Cash Used by Investing Activities	(10,707,981)
Net Decrease in Cash and Cash Equivalents	(5,203,610)
Cash and Cash Equivalents, Beginning of Year	56,933,018
Cash and Cash Equivalents, End of Year	\$ 51,729,408

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

STATEMENT OF CASH FLOWS**FOR THE FISCAL YEAR ENDED JUNE 30, 2024****University****RECONCILIATION OF OPERATING LOSS
TO NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (669,027,481)
Adjustments to Reconcile Operating Loss to Net	
Cash Used by Operating Activities:	
Depreciation Expense	61,733,281
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	3,181,054
Inventories	111,392
Other Assets	2,798,905
Accounts Payable	(1,298,132)
Salaries and Wages Payable	570,897
Deposits Payable	3,175,805
Compensated Absences Payable	2,955,476
Other Postemployment Benefits Payable	18,201,025
Unearned Revenue	(5,456,293)
Liability for Self-Insured Claims	4,528
Pension Liability	32,270,290
Deferred Outflows of Resources Related to Other Postemployment Benefits	16,418,326
Deferred Outflows of Resources Related to Pensions	8,322,876
Deferred Inflows of Resources Related to Other Postemployment Benefits	(44,384,948)
Deferred Inflows of Resources Related to Pensions	<u>6,771,383</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (563,651,616)</u></u>

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

Unrealized gains on investments were recognized as a 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>\$ 14,231,077</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>\$ (320,829)</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>\$ 14,108,351</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, 2024

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 \$734,385 and \$0, 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, 2024

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 "Direct Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances.

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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 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, computer software, right-to-use lease assets, and subscription-based information technology arrangements (SBITAs). 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 \$2,444,274. 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.

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Depreciable assets of the Health Care Network are stated at cost and are net of accumulated depreciation of \$540,193. 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.

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2. REPORTING CHANGE

The University made a change in accounting estimate related to scholarship discounts and allowances. As prescribed in the NACUBO Advisory Report 2000-05, the University elected to use the "Direct Method" rather than the "Alternate Method" used in the prior fiscal years, for calculating the amount of financial aid reported as a reduction of revenue and the amount of financial aid reported as an expense. Because the University specifically attributes waivers to the net tuition calculation in its business process, the direct method provides a better valuation of scholarship allowance. There was no effect to beginning net position.

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	\$ (504,296,067)
Auxiliary Funds	343,109,111
Total	<u><u>\$ (161,186,956)</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	\$ 513,022,221
Amount Expected to be Financed in Future Years:	
Compensated Absences Payable	\$ 51,105,894
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	373,121,587
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	<u>249,981,696</u>
Total Amount Expected to be Financed in Future Years	<u>(674,209,177)</u>
Total Unrestricted Net Position	<u><u>\$ (161,186,956)</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, 2024 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 \$143,109,571 according to GASB Statement No. 72.

The University's investments at June 30, 2024, 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>
External Investment Pool				
State Treasury Special Purpose Investment Account	\$ 2,040,375	\$ -	\$ -	\$ 2,040,375
SBA Debt Service Accounts	76,471	76,471	-	-
Mutual Funds				
Equities	43,969,780	17,266,321	26,703,459	-
Fixed Income and Bond Mutual Funds	241,559,813	91,718,873	132,155,484	17,685,456
Commodities	17,084,108	-	17,084,108	-
Other Investments	15,230,417	-	-	15,230,417
Total Investments by Fair Value Level	319,960,964	\$ 109,061,665	\$ 175,943,051	\$ 34,956,248
Investments Measured at the Net Asset Value (NAV)				
Mutual Funds				
Limited Partnerships	52,096,056			
Equities	6,971,811			
Total Investments Measured at the NAV	59,067,867			
Total Investments Measured at Fair Value	\$ 379,028,831			

The valuation method for investments measured at the 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>
Mutual Funds				
Limited Partnerships	\$ 52,096,056	\$ -	Quarterly/Annually	90 Days
Equities	6,971,811	2,836,642	Illiquid	N/A
Total Investments Measured at the NAV	\$ 59,067,867			

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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 a private equity fund. The 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 partnership. Distributions are received through the liquidation of underlying assets of the funds.

External Investment Pools

The University reported investments at fair value totaling \$2,040,375 at June 30, 2024, 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 3.23 years and fair value factor of 0.9958 at June 30, 2024. 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 \$76,471 at June 30, 2024, 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, 2024, are as follows:

University Debt Investment Maturities

Type of Investment	Investment Maturities (In Years)				
	Fair Market Value	Less Than 1	1-5	6-10	More Than 10
Short Term Bond Fund	\$ 49,578,741	\$ 3,740,044	\$ 45,742,932	\$ 95,765	\$ -
Bond Index Fund	42,140,132	189,737	17,573,369	15,934,999	8,442,027
TIPS Index Fund	53,320,889	3,817,974	30,941,988	11,437,285	7,123,642
Core Fixed Income	41,348,573	2,147,909	12,506,643	19,068,923	7,625,098
Credit Fixed Income	37,144,435	4,377,398	10,008,416	10,935,318	11,823,303
Student Managed Investment Fund	341,587	23,540	184,009	124,127	9,911
Secured Bank Loans	17,685,456	504,035	11,056,947	6,124,474	-
Total	\$ 241,559,813	\$ 14,800,637	\$ 128,014,304	\$ 63,720,891	\$ 35,023,981

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2024, 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

Type of Investment	Fair Value	AAA / Aaa	AA / Aa	A	BBB / Baa to Not Rated
Short Term Bond Fund	\$ 49,578,741	\$ 22,744,207	\$ 5,047,560	\$ 7,613,324	\$ 14,173,650
Bond Index Fund	42,140,132	29,578,239	1,866,338	5,190,622	5,504,933
TIPS Index Fund	53,320,889	26,660	53,294,016	-	213
Core Fixed Income	41,348,573	2,072,082	24,144,083	4,267,748	10,864,660
Credit Fixed Income	37,144,435	2,787,781	3,732,371	11,444,759	19,179,524
Student Managed Investment Fund	341,587	137,319	19,420	79,505	105,343
Secured Bank Loans	17,685,456	-	-	-	17,685,456
Total	\$ 241,559,813	\$ 57,346,288	\$ 88,103,788	\$ 28,595,958	\$ 67,513,779

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, 2024, 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	\$ 170,726,819	\$ 170,726,819	\$ -	\$ -
Global Equities	96,673,634	96,673,634	-	-
Fixed Income	41,697,038	41,697,038	-	-
Land Held for Investments	15,600,000	-	-	15,600,000
Total Investments by Fair Value Level	\$ 324,697,491	\$ 309,097,491	\$ -	\$ 15,600,000
Investments Measured at the Net Asset Value (NAV)				
Fixed Income	1,200			
Hedge Funds	1,012,985			
Private Investments	112,395,080			
Total Investments Measured at the NAV	113,409,265			
Fiduciary Fund Equity Interest	(15,230,417)			
Total Investments Measured at Fair Value	\$ 422,876,339			

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	863,735	-	Annually - Every 3 Years	60 - 90 Days
Event Driven/Open Mandate	149,250	-	Quarterly	90 Days
Private Investments:				
Private Equity	93,491,918	57,596,838	Illiquid	N/A
Venture Capital	18,903,162	1,285,000	Illiquid	N/A
Total Investments Measured at the NAV	\$ 113,409,265	\$ 58,881,838		

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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 Initial Public Offering.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2024, the Foundation securities held in domestic fixed income were rated A+ by Standard and Poor's.

At June 30, 2024, 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, 2024, approximately \$438,802,000 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 \$4,015,184 at June 30, 2024, 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, 2024, are held with Regions 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, 2024, is 30 days while the WAL is 79 days.

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The Health Care Network reported investments at fair value totaling \$1,068,945 at June 30, 2024, 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, 2024, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 23,350,608
Contracts and Grants	25,236,789
Other	924,932
Total Accounts Receivable, Net	\$ 49,512,329

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 \$9,668,024 and \$239,243, respectively, at June 30, 2024.

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, 2024 the University recognized lease revenue of \$664,743 and interest of \$60,392.

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>
2025	\$ 555,664	\$ 57,764	\$ 613,428
2026	501,834	40,433	542,267
2027	239,720	28,622	268,342
2028	170,942	21,736	192,678
2029	135,714	16,556	152,270
2030 - 2034	404,847	21,929	426,776
Total	\$ 2,008,721	\$ 187,040	\$ 2,195,761

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Discretely Presented Component Unit Lease Receivables

The University and Health Care Network 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, 2024, rent expense under this agreement amounted to \$1 per year.

Furthermore, certain space within this facility was subleased. The Health Care Network recognized lease revenue of \$509,770, interest revenue of \$165,764, and common area maintenance income of \$208,472, for a total \$884,006 of lease-related revenue for the year ended June 30, 2024. 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:

Fiscal Year Ending June 30	Principal	Interest	Common Area Maintenance	Total
2025	\$ 337,261	\$ 153,480	\$ 208,472	\$ 699,213
2026	361,819	140,786	208,472	711,077
2027	374,934	127,631	208,472	711,037
2028	388,525	114,000	208,472	710,997
2029	402,608	99,875	208,472	710,955
2030 - 2034	2,242,824	268,908	1,042,360	3,554,092
2035	384,108	4,446	156,354	544,908
Total	\$ 4,492,079	\$ 909,126	\$ 2,241,074	\$ 7,642,279

6. DUE FROM STATE

The amount due from State consists of \$32,670,277 of Public Education Capital Outlay, \$36,165,002 of Capital Improvement Fee Trust Fund, and \$65,579,271 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, 2024. 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, 2024, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 32,818,854	\$ 5,223,275	\$ -	\$ 38,042,129
Works of Art and Historical Treasures	11,353,486	2,438,880	16,400	13,775,966
Construction in Progress	199,303,689	86,700,179	58,503,344	227,500,524
Total Nondepreciable Capital Assets	\$ 243,476,029	\$ 94,362,334	\$ 58,519,744	\$ 279,318,619
Depreciable Capital Assets:				
Buildings	\$ 1,350,407,548	\$ 50,150,412	\$ -	\$ 1,400,557,960
Infrastructure and Other Improvements	72,157,008	4,135,902	-	76,292,910
Furniture and Equipment	193,034,110	18,832,688	5,784,101	206,082,697
Library Resources	132,950,336	237,836	166,732	133,021,440
Leasehold Improvements	752,567	248,748	59,590	941,725
Computer Software	2,751,965	77,723	442,162	2,387,526
Amortizable Capital Assets:				
Right-to-Use Space Lease	42,628,849	-	-	42,628,849
Right-to-Use Equipment Lease	1,828,768	3,016,554	1,828,768	3,016,554
SBITA Assets	5,942,512	2,423,673	-	8,366,185
Total Depreciable/Amortizable Capital Assets	1,802,453,663	79,123,536	8,281,353	1,873,295,846
Less, Accumulated Depreciation:				
Buildings	528,990,531	32,685,363	-	561,675,894
Infrastructure and Other Improvements	31,430,491	4,240,417	-	35,670,908
Furniture and Equipment	132,160,665	13,456,166	5,473,231	140,143,600
Library Resources	121,534,040	2,999,761	166,732	124,367,069
Leasehold Improvements	752,567	58,218	59,590	751,195
Computer Software	2,380,676	148,320	437,316	2,091,680
Less, Accumulated Amortization:				
Right-to-Use Space Lease	10,169,348	6,168,391	-	16,337,739
Right-to-Use Equipment Lease	1,045,011	522,504	1,567,515	-
SBITA Assets	864,476	1,454,141	-	2,318,617
Total Accumulated Depreciation/Amortization	829,327,805	61,733,281	7,704,384	883,356,702
Total Depreciable/Amortizable Capital Assets, Net	\$ 973,125,858	\$ 17,390,255	\$ 576,969	\$ 989,939,144

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2024****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, 2024, to spend the funds.

Unearned revenue at June 30, 2024 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, 2024, the University reported the following amounts as current unearned revenue:

Description	Amount
Contracts and Grants	\$ 8,872,269
State Capital Appropriations	4,603,322
Admission Fees	2,008,327
Stadium Rental Income	1,304,083
Reservation System Fees	163,334
Land Use Fees	52,381
Athletic Revenues	3,447
Total Current Unearned Revenue	\$ 17,007,163

10. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2024, 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, 2024, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	\$ 189,743,190	\$ -	\$ 8,276,527	\$ 181,466,663	\$ 8,701,528
Leases Payable	34,037,691	3,016,554	6,001,652	31,052,593	5,886,280
Subscription Arrangements Liability	5,200,247	2,423,673	1,263,407	6,360,513	1,542,209
Compensated Absences Payable	55,785,070	7,809,645	4,854,172	58,740,543	5,477,557
Other Postemployment Benefits Payable	262,426,832	282,732,193	264,531,168	280,627,857	7,480,294
Unearned Revenue	71,599,636	30,000,000	34,309,786	67,289,850	-
Liability for Self-Insured Claims	222,187	42,204	37,676	226,715	1,954
Net Pension Liability	300,144,585	157,795,381	125,525,091	332,414,875	-
Other Long-Term Liabilities	637,375	-	88,014	549,361	-
Total Long-Term Liabilities	\$ 919,796,813	\$ 483,819,650	\$ 444,887,493	\$ 958,728,970	\$ 29,089,822

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NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2024****Capital Improvement Debt Payable**

The University had the following capital improvement debt payable outstanding at June 30, 2024:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2015A Student Apartments Refunding	\$ 29,105,000	\$ 17,252,801	3.00 - 5.00	2034
2020A Student Apartments	71,800,000	76,296,480	3.00 - 5.00	2050
2021A Student Apartments Refunding	<u>46,365,000</u>	<u>43,015,995</u>	2.00 - 5.00	2041
Total Student Housing Debt	<u>147,270,000</u>	<u>136,565,276</u>		
Parking Garage Debt:				
2019A Parking Garage Refunding	19,805,000	18,598,702	4.00 - 5.00	2039
2023A Parking Garage Refunding	<u>24,835,000</u>	<u>26,302,685</u>	4.00 - 5.00	2043
Total Parking Garage Debt	<u>44,640,000</u>	<u>44,901,387</u>		
Total Capital Improvement Debt	<u>\$ 191,910,000</u>	<u>\$ 181,466,663</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 \$227,893,981, and principal and interest paid for the current year totaled \$13,858,575. During the 2023-24 fiscal year, housing rental income totaled \$33,897,782, and parking fees totaled \$14,651,298, comprised of traffic and parking fees totaling \$4,656,636, and assessed transportation fees totaling \$9,994,662.

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2024**

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2024, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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	7,080,000	4,657,831	11,737,831
2030-2034	40,385,000	18,315,050	58,700,050
2035-2039	37,580,000	11,018,150	48,598,150
2040-2044	26,650,000	5,421,900	32,071,900
2045-2049	17,465,000	2,174,850	19,639,850
2050	3,815,000	114,450	3,929,450
Subtotal	163,935,000	63,958,981	227,893,981
Net Premiums and Losses on Bond Refundings	17,531,663	-	17,531,663
Total	\$ 181,466,663	\$ 63,958,981	\$ 245,425,644

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
2025	\$ 5,886,280	\$ 968,908	\$ 6,855,188
2026	5,735,171	786,497	6,521,668
2027	2,819,003	646,558	3,465,561
2028	1,493,235	583,667	2,076,902
2029	1,476,780	532,432	2,009,212
2030 - 2034	6,379,074	1,945,199	8,324,273
2035 - 2039	7,160,058	698,517	7,858,575
2040	102,992	321	103,313
Total	\$ 31,052,593	\$ 6,162,099	\$ 37,214,692

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Subscription Arrangements Liability

The University has three 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:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 1,542,209	\$ 156,179	\$ 1,698,388
2026	1,613,924	126,928	1,740,852
2027	1,115,428	73,279	1,188,707
2028	1,137,330	41,536	1,178,866
2029	340,675	20,454	361,129
2030 - 2031	610,947	13,899	624,846
Total	\$ 6,360,513	\$ 432,275	\$ 6,792,788

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, 2024, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$58,740,543. The current portion of the compensated absences liability, \$5,477,557, 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.

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 \$280,627,857 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022. At June 30, 2023, the University's proportionate share, determined by its proportion of total benefit payments made, was 3.35 percent, which was unchanged from its proportionate share measured as of June 30, 2022.

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	2.40 percent
Salary Increases	Varies by FRS class
Discount Rate	4.13 percent
Healthcare Cost Trend Rates	8.1 percent for 2024, 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	6.44 percent for 2024, 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, 2022 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 4.09 percent to 4.13 percent.
- For those in the Special Risk Class, disability rates were updated to those used in the actuarial valuation of the Florida Retirement System conducted by Milliman as of July 1, 2022.
- For Law Enforcement Officers, the percentage of members assumed to elect to participate in the Deferred Retirement Option Program (DROP) was updated to align with rates used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2022. Further, Law Enforcement Officers' maximum DROP participation period was extended from 60 months (five years) to 96 months (eight years).
- Inflation was lowered to match the 2.4% used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2022.

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 (3.13 percent) or 1 percentage point higher (5.13 percent) than the current rate:

	<u>1% Decrease (3.13%)</u>	<u>Current Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
University's proportionate share of the total OPEB liability	\$ 346,512,795	\$ 280,627,857	\$ 234,563,475

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	\$ 226,459,062	\$ 280,627,857	\$ 360,473,480

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

For the fiscal year ended June 30, 2024, the University recognized negative OPEB expense of \$2,285,303. At June 30, 2024, 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	\$ -	\$ 23,213,781
Changes of assumptions or other inputs	25,401,965	133,753,095
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	37,738,999	6,148,112
Transactions subsequent to the measurement date	7,480,294	-
Total	<u>\$ 70,621,258</u>	<u>\$ 163,114,988</u>

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Of the total amount reported as deferred outflows of resources related to OPEB, \$7,480,294 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2025	\$ (24,065,816)
2026	(17,178,641)
2027	(13,119,644)
2028	(16,008,001)
2029	(16,008,001)
Thereafter	(13,593,921)
Total	\$ (99,974,024)

Unearned Revenue

Long-term unearned revenue at June 30, 2024, 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, 2024, the University reported the following amounts as long-term unearned revenue:

Description	Amount
State Capital Appropriations	\$ 43,871,337
National Institute of Health Grant	11,500,000
Stadium Rental Income	10,323,992
Land Use Fees	1,594,521
Total Unearned Revenue	\$ 67,289,850

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, 2024, the University's proportionate share of the net pension liabilities totaled \$332,414,875.

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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JUNE 30, 2024

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 SOFR plus 1.52 percent (1.40 percent plus 0.12 percent SOFR adjustment). The term SOFR adjustment is based on the difference between the LIBOR rate and the SOFR rate at the time of conversion and is used to ensure that the variable component of the loan continues to be synthetically fixed at the agreed upon rate.

On June 1, 2023 the Miami-Dade County Industrial Development Authority, as the Conduit Issuer, amended the 2009A Trust Indenture to reflect the termination of the LIBOR and the adoption of the SOFR as the loan's reference rate. The SOFR rate index was adopted by the Alternative Reference Rates Committee (ARRC) as the replacement rate index to the LIBOR. The ARRC is under the oversight of the Federal Reserve Board. Regions Bank modified the swap agreement to reflect the change in the Trust Indenture. The variable component of the loan is synthetically fixed at 5 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, 2024, was \$19,360,000.

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 \$3,013,976 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.

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2024**

The aggregate maturities of these bonds as of June 30, 2024, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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
2029	2,160,000	509,581	2,669,581
2030-2032	9,410,000	945,112	10,355,112
Total	\$ 19,360,000	\$ 4,362,285	\$ 23,722,285

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, 2024, the Finance Corporation interest rate swap agreement has a derivative liability of \$554,074 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, 2024.

As of June 30, 2024, the fair value of the Series 2007A ineffective interest rate swap agreement was \$847,394, 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 \$847,394 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 \$293,319.

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Credit Risk. As of June 30, 2024, 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.

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, 2024, the swap counterparty was rated in excess of the aforementioned requirements.

Swap Payments and Associated Debt. Using rates as of June 30, 2024, 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:

Fiscal Year Ending June 30	Variable-Rate Bond		Interest Rate Swap, Net	Total
	Principal	Interest		
2025	\$ 1,245,000	\$ 657,409	\$ 11,392	\$ 1,913,801
2026	1,300,000	599,164	10,336	1,909,500
2027	1,355,000	535,266	9,234	1,899,500
2028	1,415,000	468,665	8,085	1,891,750
2029	1,485,000	399,115	6,885	1,891,000
2030-2032	6,635,000	833,620	14,380	7,483,000
Total	\$ 13,435,000	\$ 3,493,239	\$ 60,312	\$ 16,988,551

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. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The University's FRS and HIS pension expense totaled \$85,007,409 for the fiscal year ended June 30, 2024.

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 2023-24 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	13.57
Florida Retirement System, Senior Management Service	3.00	34.52
Florida Retirement System, Special Risk	3.00	32.67
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	21.13
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 \$32,977,607 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the University reported a liability of \$245,881,092 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The University's proportionate share of the net pension liability was based on the University's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the University's proportionate share was 0.617065551 percent, which was a decrease of 0.037454046 from its proportionate share measured as of June 30, 2022.

For the year ended June 30, 2024, the University recognized pension expense of \$51,534,384. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 23,086,113	\$ -
Change of Assumptions	16,028,569	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	10,268,660	-
Changes in Proportion and Differences Between University FRS Contributions and Proportionate Share of FRS Contributions	6,516,795	9,682,968
University FRS Contributions Subsequent to the Measurement Date	32,977,607	-
Total	\$ 88,877,744	\$ 9,682,968

The deferred outflows of resources related to pensions totaling \$32,977,607, 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, 2025.

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

Fiscal Year Ending June 30	Amount
2025	\$ 6,653,836
2026	(3,405,347)
2027	39,915,388
2028	2,557,108
2029	496,184
Total	\$ 46,217,169

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Actuarial Assumptions. The total pension liability in the July 1, 2023, 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, 2023, 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 %	2.9 %	2.9 %	1.1 %
Fixed Income	19.8 %	4.5 %	4.4 %	3.4 %
Global Equity	54 %	8.7 %	7.1 %	18.1 %
Real Estate (Property)	10.3 %	7.6 %	6.6 %	14.8 %
Private Equity	11.1 %	11.9 %	8.8 %	26.3 %
Strategic Investments	3.8 %	6.3 %	6.1 %	7.7 %
Total	100 %			
Assumed Inflation - Mean			2.4 %	1.4 %

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 2023 valuation remained the same at 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	\$ 420,014,973	\$ 245,881,092	\$ 100,197,266

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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, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 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, 2024, the contribution rate was 2 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 \$4,665,254 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the University reported a liability of \$86,533,783 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within one year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. For the fiscal year 2022-23, there is no current portion. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, and update procedures were used to determine the net pension liability as of July 1, 2023. The University's proportionate share of the net pension liability was based on the University's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the University's proportionate share was 0.5448773 percent, which was an increase of 0.010390431 from its proportionate share measured as of June 30, 2022.

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For the fiscal year ended June 30, 2024, the University recognized pension expense of \$33,473,025. 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	\$ 1,266,796	\$ 203,107
Change of Assumptions	2,274,947	7,498,444
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	44,687	-
Changes in Proportion and Differences Between University HIS Contributions and Proportionate Share of HIS Contributions	2,688,270	-
University HIS Contributions Subsequent to the Measurement Date	4,665,254	-
Total	\$ 10,939,954	\$ 7,701,551

The deferred outflows of resources totaling \$4,665,254 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, 2025.

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>
2025	\$ 174,819
2026	296,881
2027	(239,951)
2028	(1,112,082)
2029	(544,019)
Thereafter	(2,499)
Total	\$ (1,426,851)

Actuarial Assumptions. The total pension liability at 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	3.65 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 3.65 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 2023 valuation was updated from 3.54 percent to 3.65 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 3.65 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 (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
University's Proportionate Share of the Net Pension Liability	\$ 98,721,541	\$ 86,533,783	\$ 76,430,950

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 2023-24 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
Florida Retirement System, Regular	11.30
Florida Retirement System, Senior Management Service	12.67
Florida Retirement System, Special Risk Regular	19.00

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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, 2024, 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 \$12,322,105 for the fiscal year ended June 30, 2024.

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, 4.78 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs for a total of 9.93 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 \$26,708,420 and employee contributions totaled \$14,262,214 for the 2023-24 fiscal year.

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15. CONSTRUCTION COMMITMENTS

The University's major construction commitments at June 30, 2024, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Engineering Building II	\$ 33,500,000	\$ 282,668	\$ 33,217,332
Auxiliary Construction Projects	102,184,597	69,058,164	33,126,433
Graham Center Expansion	23,900,295	-	23,900,295
Deferred Building Maintenance	30,780,046	7,274,632	23,505,414
Nondenominational Chapel	25,899,558	6,809,209	19,090,349
Engineering Building I	71,244,655	57,158,281	14,086,374
Case Building Remodel/Renovation	7,150,000	1,050,283	6,099,717
MMC Aquatic Center	5,000,000	-	5,000,000
Herbert Wertheim College of Medicine Academic Health Sciences/Clinical Facility	5,000,000	119,480	4,880,520
EC MSRI CAT6 Project	3,661,115	261,095	3,400,020
Subtotal	308,320,266	142,013,812	166,306,454
Projects with Balance Committed Under \$3 Million	111,237,390	85,486,712	25,750,678
Total	<u>\$ 419,557,656</u>	<u>\$ 227,500,524</u>	<u>\$ 192,057,132</u>

16. RELATED PARTY TRANSACTIONS**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:

Fiscal Year Ending June 30	Amount
2025	\$ 1,304,083
2026	1,304,083
2027	1,304,083
2028	1,304,083
2029	1,304,083
2030-2033	5,107,660
Total Minimum Payments Required	<u>\$ 11,628,075</u>

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Health Care Network

Effective November 28, 2023, an agreement was executed by the FIU Board of Trustees, Herbert Wertheim College of Medicine, and FIU Health with Baptist Health South Florida, Inc. ("Baptist") to develop an academic medical center enterprise that will drive clinical, research and education growth for the benefit of residents of South Florida. The agreement is effective through November 2033 with two automatic extensions of five years each.

For the year ended June 30, 2024, total revenues earned under the terms of the agreement were \$12,157,381, composed of \$5,000,000 in academic mission support, \$5,000,000 in research support, and \$2,157,381 in reimbursements for net operating losses related to the Ambulatory Care Center.

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 \$3.7 million during the 2023-24 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 \$0.4 million during the 2023-24 fiscal year for utilities, repairs, and maintenance expenses for buildings used by the Wolfsonian.

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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 2023-24 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 \$40.2 million for flood and \$38.6 for named windstorm through February 14, 2024, and increased to \$62.5 million starting February 15, 2024. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$184.8 million through February 14, 2024 and increased to \$237.5 million starting February 15, 2024; 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 2022-23 and 2023-24 fiscal years are presented in the following table:

<u>Fiscal Year Ended</u>	<u>Claims Liabilities Beginning of Year</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Claims Liabilities End of Year</u>
June 30, 2023	\$ 227,055	\$ 45,889	\$ (50,757)	\$ 222,187
June 30, 2024	222,187	42,391	(37,863)	226,715

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2024****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:

Functional Classification	Amount
Instruction	\$ 404,546,023
Research	203,629,108
Public Services	16,853,803
Academic Support	130,713,277
Student Services	80,476,551
Institutional Support	113,861,637
Operation and Maintenance of Plant	69,532,075
Scholarships, Fellowships, and Waivers	160,684,074
Depreciation	61,733,281
Auxiliary Enterprises	73,274,327
Total Operating Expenses	\$ 1,315,304,156

FLORIDA INTERNATIONAL UNIVERSITY**A COMPONENT UNIT OF THE STATE OF FLORIDA****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2024****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>
Assets		
Current Assets	\$ 31,310,464	\$ 12,750,898
Capital Assets, Net	202,536,820	87,236,124
Other Noncurrent Assets	<u>365,990</u>	<u>1,046,236</u>
Total Assets	<u>234,213,274</u>	<u>101,033,258</u>
Liabilities		
Current Liabilities	7,385,547	2,293,186
Noncurrent Liabilities	<u>130,023,369</u>	<u>43,213,547</u>
Total Liabilities	<u>137,408,916</u>	<u>45,506,733</u>
Net Position		
Net Investment in Capital Assets	65,971,545	42,373,533
Restricted - Expendable	467,133	1,028,754
Unrestricted	<u>30,365,680</u>	<u>12,124,238</u>
Total Net Position	<u>\$ 96,804,358</u>	<u>\$ 55,526,525</u>

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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

	<u>Housing Facilities</u>	<u>Parking Facilities</u>
Operating Revenues	\$ 33,897,782	\$ 14,651,298
Depreciation Expense	(6,524,236)	(3,496,563)
Other Operating Expenses	<u>(18,949,526)</u>	<u>(10,457,288)</u>
Operating Income	<u>8,424,020</u>	<u>697,447</u>
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	914,546	357,491
Interest Expense	<u>(3,952,274)</u>	<u>(1,629,773)</u>
Net Nonoperating Expenses	<u>(3,037,728)</u>	<u>(1,272,282)</u>
Income (Loss) Before Transfers	5,386,292	(574,835)
Net Transfers	<u>(3,039)</u>	<u>99,120</u>
Increase (Decrease) in Net Position	5,383,253	(475,715)
Net Position, Beginning of Year	<u>91,421,105</u>	<u>56,002,240</u>
Net Position, End of Year	<u><u>\$ 96,804,358</u></u>	<u><u>\$ 55,526,525</u></u>

Condensed Statement of Cash Flows

	<u>Housing Facilities</u>	<u>Parking Facilities</u>
Net Cash Provided (Used) by:		
Operating Activities	\$ 14,618,398	\$ 4,432,443
Noncapital Financing Activities	30,666	-
Capital and Related Financing Activities	(15,459,797)	(4,035,914)
Investing Activities	<u>179,467</u>	<u>(292,148)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(631,266)	104,381
Cash and Cash Equivalents, Beginning of Year	<u>6,070,601</u>	<u>3,564,112</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 5,439,335</u></u>	<u><u>\$ 3,668,493</u></u>

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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
Assets				
Current Assets	\$ 34,694,656	\$ 4,643,470	\$ 20,626,601	\$ 59,964,727
Capital Assets, Net	7,553,621	-	1,461,104	9,014,725
Other Noncurrent Assets	441,559,891	13,337,968	4,154,818	459,052,677
Total Assets	<u>483,808,168</u>	<u>17,981,438</u>	<u>26,242,523</u>	<u>528,032,129</u>
Deferred Outflows of Resources	<u>-</u>	<u>131,400</u>	<u>-</u>	<u>131,400</u>
Liabilities				
Current Liabilities	12,443,710	3,099,406	3,783,371	19,326,487
Noncurrent Liabilities	391,487	18,941,316	-	19,332,803
Total Liabilities	<u>12,835,197</u>	<u>22,040,722</u>	<u>3,783,371</u>	<u>38,659,290</u>
Deferred Inflows of Resources	<u>284,555</u>	<u>293,319</u>	<u>4,287,666</u>	<u>4,865,540</u>
Net Position				
Net Investment in Capital Assets	7,127,263	-	1,461,104	8,588,367
Restricted Nonexpendable	213,440,170	-	-	213,440,170
Restricted Expendable	179,568,720	-	5,000,000	184,568,720
Unrestricted	70,552,263	(4,221,203)	11,710,382	78,041,442
Total Net Position	<u>\$ 470,688,416</u>	<u>\$ (4,221,203)</u>	<u>\$ 18,171,486</u>	<u>\$ 484,638,699</u>

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

**Condensed Statement of Revenues, Expenses,
and Changes in 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
Operating Revenues	\$ 35,112,055	\$ 6,080,638	\$ 16,599,108	\$ 57,791,801
Depreciation Expense	(211,313)	-	(10,569)	(221,882)
Operating Expenses	<u>(63,696,301)</u>	<u>(3,049,207)</u>	<u>(4,353,984)</u>	<u>(71,099,492)</u>
Operating (Loss) Income	<u>(28,795,559)</u>	<u>3,031,431</u>	<u>12,234,555</u>	<u>(13,529,573)</u>
Net Nonoperating Revenues (Expenses)				
Investment Income	46,081,193	223,405	513,055	46,817,653
Interest Expense	-	(870,485)	-	(870,485)
Other Nonoperating Revenues (Expenses)	<u>15,846,299</u>	<u>(2,211,524)</u>	<u>-</u>	<u>13,634,775</u>
Net Nonoperating Revenues/(Expenses)	<u>61,927,492</u>	<u>(2,858,604)</u>	<u>513,055</u>	<u>59,581,943</u>
Increase in Net Position	33,131,933	172,827	12,747,610	46,052,370
Net Position, Beginning of Year	<u>437,556,483</u>	<u>(4,394,030)</u>	<u>5,423,876</u>	<u>438,586,329</u>
Net Position, End of Year	<u><u>\$ 470,688,416</u></u>	<u><u>\$ (4,221,203)</u></u>	<u><u>\$ 18,171,486</u></u>	<u><u>\$ 484,638,699</u></u>

22. SUBSEQUENT EVENTS RELATED PARTY

On August 21, 2024, the University entered into a ten year football stadium naming rights and sponsorship agreement. As a result, the Finance Corporation has been in negotiation with a bank to restructure the debt. As of June 30, 2024, the terms have not yet been finalized; therefore the impact is not readily determinable.

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

	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
University's Proportion of the Total Other Postemployment Benefits Liability	3.35 %	3.35 %	3.40 %	3.43 %	3.18 %
University's Proportionate Share of the Total Other Postemployment Benefits Liability	\$280,627,857	\$262,426,832	\$358,187,113	\$352,563,977	\$402,994,810
University's Covered Payroll	\$468,730,623	\$459,617,718	\$449,423,678	\$441,956,666	\$426,565,567
University's Proportionate Share of the Total Other Postemployment Benefits Liability as a Percentage of its Covered Payroll	59.87 %	57.10 %	79.70 %	79.77 %	94.47 %

(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, 2024, proportionate share of the total OPEB liability increased slightly from the prior fiscal year as a result of changes to assumptions as discussed below.

Changes in Assumptions. In 2024, amounts reported as changes of assumptions resulted from changes to the disability, inflation, and discount rates, and changes to the participation period for Law Enforcement Officers in the DROP program. 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 TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY

	<u>2018 (1)</u>	<u>2017 (1)</u>
University's Proportion of the Total Other Postemployment Benefits Liability	2.57 %	2.57 %
University's Proportionate Share of the Total Other Postemployment Benefits Liability	\$271,175,000	\$277,334,000
University's Covered Payroll	\$402,854,082	\$388,298,438
University's Proportionate Share of the Total Other Postemployment Benefits Liability as a Percentage of its Covered Payroll	67.31 %	71.42 %

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
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>
University's Proportion of the FRS Net Pension Liability	0.62%	0.65%	0.63%	0.62%	0.64%
University's Proportionate Share of the FRS Net Pension Liability	\$245,881,092	\$243,533,889	\$ 47,237,454	\$270,111,316	\$219,045,078
University's Covered Payroll (2)	\$468,730,623	\$459,617,718	\$449,423,678	\$441,956,666	\$426,565,567
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	52.46 %	52.99 %	10.51 %	61.12 %	51.35 %
FRS Plan Fiduciary Net Pension as a Percentage of the FRS Total Pension Liability	82.38 %	82.89 %	96.40 %	78.85 %	82.61 %

(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 2023, there were no changes in assumptions.

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

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
University's Proportion of the FRS Net Pension Liability	0.62%	0.58%	0.58%	0.57%	0.53%
University's Proportionate Share of the FRS Net Pension Liability	\$ 186,930,731	\$ 172,260,097	\$ 145,845,435	\$ 73,303,925	\$ 32,080,257
University's Covered Payroll (2)	\$ 402,854,082	\$ 388,298,438	\$ 370,763,486	\$ 355,458,891	\$ 332,597,433
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	46.40 %	44.36 %	39.34 %	20.62 %	9.65 %
FRS Plan Fiduciary Net Pension as a Percentage of the FRS Total Pension Liability	84.26 %	83.89 %	84.88 %	92.00 %	96.09 %

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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>
Contractually Required FRS Contribution	\$ 32,977,607	\$ 29,684,822	\$ 27,929,542	\$ 23,822,815	\$ 20,706,730
FRS Contributions in Relation to the Contractually Required Contribution	<u>(32,977,607)</u>	<u>(29,684,822)</u>	<u>(27,929,542)</u>	<u>(23,822,815)</u>	<u>(20,706,730)</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$492,188,455	\$468,730,623	\$459,617,718	\$449,423,678	\$441,956,666
FRS Contributions as a Percentage of Covered Payroll	6.70 %	6.33 %	6.08 %	5.30 %	4.69 %

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, 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 2023, there were no changes in assumptions.

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

	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
Contractually Required FRS Contribution	\$ 19,721,988	\$ 17,686,866	\$ 15,160,433	\$ 14,085,792	\$ 13,836,828
FRS Contributions in Relation to the Contractually Required Contribution	<u>(19,721,988)</u>	<u>(17,686,866)</u>	<u>(15,160,433)</u>	<u>(14,085,792)</u>	<u>(13,836,828)</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$426,565,567	\$402,854,082	\$388,298,438	\$370,763,486	\$355,458,891
FRS Contributions as a Percentage of Covered Payroll	4.62 %	4.39 %	3.90 %	3.80 %	3.89 %

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>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
University's Proportion of the HIS Net Pension Liability	0.54%	0.53%	0.53%	0.52%	0.52%
University's Proportionate Share of the HIS Net Pension Liability	\$ 86,533,783	\$ 56,610,696	\$ 65,172,184	\$ 63,843,336	\$ 58,182,613
University's Covered Payroll (2)	\$ 188,602,098	\$ 188,456,096	\$ 182,271,803	\$ 178,126,318	\$ 168,199,711
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	45.88 %	30.04 %	35.76 %	35.84 %	34.59 %
HIS Plan Fiduciary Net Pension as a Percentage of the HIS Total Pension Liability	4.12 %	4.81 %	3.56 %	3.00 %	2.63 %

(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 2023, the municipal rate used to determine total pension liability increased from 3.54 percent to 3.65 percent. In addition, the level of monthly benefits increased from \$5 times years of service to \$7.50 times years of service, with an increased minimum of \$45 and a maximum of \$225.

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>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
University's Proportion of the HIS Net Pension Liability	0.50%	0.49%	0.48%	0.47%	0.45%
University's Proportionate Share of the HIS Net Pension Liability	\$ 53,094,937	\$ 52,274,414	\$ 56,235,698	\$ 48,191,110	\$ 42,007,145
University's Covered Payroll (2)	\$156,730,885	\$168,353,927	\$147,667,524	\$140,089,301	\$130,882,051
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	33.88 %	31.05 %	38.08 %	34.40 %	32.10 %
HIS Plan Fiduciary Net Pension as a Percentage of the HIS Total Pension Liability	2.15 %	1.64 %	0.97 %	0.50 %	0.99 %

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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>
Contractually Required HIS Contribution	\$ 4,665,254	\$ 3,584,299	\$ 3,234,096	\$ 3,122,998	\$ 3,013,138
HIS Contributions in Relation to the Required HIS Contribution	<u>(4,665,254)</u>	<u>(3,584,299)</u>	<u>(3,234,096)</u>	<u>(3,122,998)</u>	<u>(3,013,138)</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$212,059,929	\$188,602,098	\$188,456,096	\$182,271,803	\$178,126,318
HIS Contributions as a Percentage of Covered Payroll	2.20 %	1.90 %	1.72 %	1.71 %	1.69 %

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

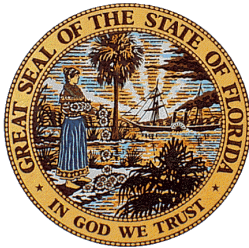
(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

Notes to Required Supplementary Information:

Change of Assumptions. In 2023, the municipal rate used to determine total pension liability increased from 3.54 percent to 3.65 percent. In addition, the level of monthly benefits increased from \$5 times years of service to \$7.50 times years of service, with an increased minimum of \$45 and a maximum of \$225.

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

	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
Contractually Required HIS Contribution	\$ 2,887,500	\$ 2,720,447	\$ 2,587,349	\$ 2,473,222	\$ 1,806,322
HIS Contributions in Relation to the Required HIS Contribution	<u>(2,887,500)</u>	<u>(2,720,447)</u>	<u>(2,587,349)</u>	<u>(2,473,222)</u>	<u>(1,806,322)</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$ 168,199,711	\$ 156,730,885	\$ 168,353,927	\$ 147,667,524	\$ 140,089,301
HIS Contributions as a Percentage of Covered Payroll	1.72 %	1.74 %	1.54 %	1.67 %	1.29 %



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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, 2024, 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 27, 2025, 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,



Sherrill F. Norman, CPA
Tallahassee, Florida
February 27, 2025
Audit Report No. 2025-133





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