STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2022-159
March 2022

FLORIDA GULF COAST UNIVERSITY

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2020-21 fiscal year, Dr. Michael V. Martin served as President of Florida Gulf Coast University and the following individuals served as Members of the Board of Trustees:

[a] Trustee position vacant from 7-1-20, through 10-26-20, and from 11-20-20 through 6-30-21.

[b] Trustee position vacant from 5-25-21 through 6-30-21.

[c] Student Body President.

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

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

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

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FLORIDA GULF COAST UNIVERSITY

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SUMMARY

Summary of Report on Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

Our audit objectives were to determine whether Florida Gulf Coast University and its officers with administrative and stewardship responsibilities for University operations had:

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

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

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

Audit Methodology

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

AUDITOR GENERAL
STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Gulf Coast University, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the blended and discretely presented component units. The financial statements of Florida Gulf Coast University Financing Corporation, the blended component unit, represent 5 percent, 44 percent, 10 percent, and 6 percent, respectively, of the assets, liabilities, net position, and revenues reported for Florida Gulf Coast University. The financial statements of the discretely presented component unit represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida Gulf Coast University and of its discretely presented component unit as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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**, **Schedule of University Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, on our consideration of the Florida Gulf Coast 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 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 Gulf Coast University's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 21, 2022

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, 2021, 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, 2021, and June 30, 2020.

FINANCIAL HIGHLIGHTS

The University's assets totaled $727.3 million at June 30, 2021. This balance reflects a $31.7 million, or 4.6 percent, increase as compared to the 2019-20 fiscal year, resulting from increases in net capital assets and investments. The increase in assets was accompanied by an increase in liabilities of $25.7 million, or 7.1 percent, totaling $386 million at June 30, 2021, compared to $360.2 million at June 30, 2020. Deferred outflows of resources increased by $22.6 million, or 42.8 percent, and deferred inflows of resources increased by $20.3 million, or 101.5 percent, as compared to the 2019-20 fiscal year. As a result, the University's net position increased by $8.3 million, resulting in a year-end balance of $376.4 million.

The University's revenues totaled $320.8 million for the 2020-21 fiscal year, representing a 10.2 percent increase compared to the 2019-20 fiscal year mainly due to increases in sales and services of auxiliary enterprises, State noncapital and capital appropriations, and in other nonoperating revenues offset by a decrease in investment income. Operating expenses totaled $303.7 million for the 2020-21 fiscal year, representing an increase of 8.5 percent as compared to the 2019-20 fiscal year mainly due to increases in compensation and employee benefits, services and supplies, and scholarships, fellowships, and waivers.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University had a deficit in the unrestricted net position of $85.8 million and its blended component unit had an unrestricted net position of $31.3 million, as a result the University reported a combined deficit in the unrestricted net position of $54.5 million. The continued deficit in the University's unrestricted net position was the result of recording long-term liabilities within the annually funded operational fund as required by the Governmental Accounting Standards Board. The following table detailing the components of the University's ending net position demonstrates that the University's negative unrestricted net position was caused by long-term liabilities that will be paid over time and financed by future appropriations.

Unrestricted Net Position

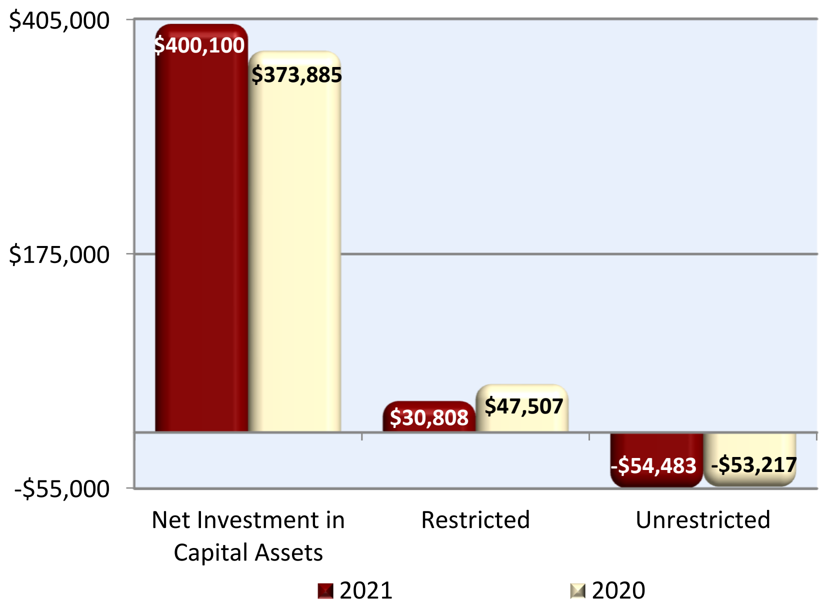
(In Thousands)

		Amount
Unrestricted Fund Balance		$ 69,912
Amount to be Financed in the Future:		
Compensated Absences Liability	$ (14,357)	
Other Postemployment Benefits Liability	(88,043)	
Net Pension Liability	(88,419)	
Deferred Outflows of Resources	75,400	
Deferred Inflows of Resources	(40,293)	
Less, Total Amount to be Financed in the Future		(155,712)
University's Unrestricted Net Position		(85,800)
Blended Component Unit's Unrestricted Net Position		31,317
Total Ending Unrestricted Net Position		$ (54,483)

The University's comparative total net position by category for the fiscal years ended June 30, 2021, and June 30, 2020, is shown in the following graph:

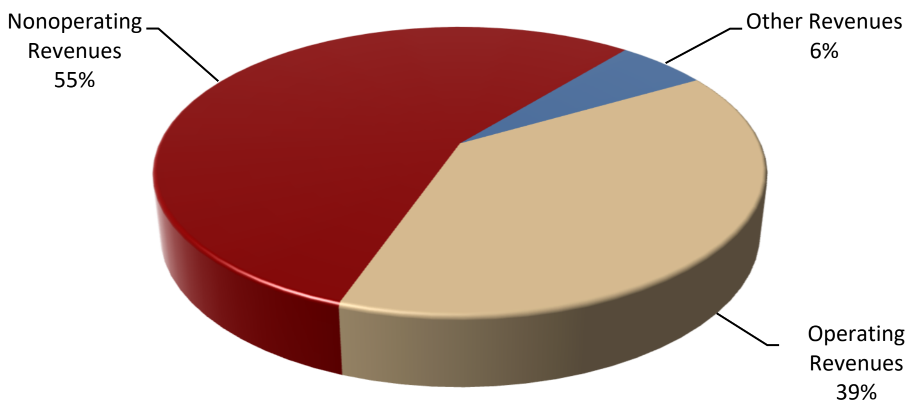
Net Position

(In Thousands)



The following chart provides a graphical presentation of University revenues by category for the 2020-21 fiscal year:

Total Revenues
2020-21 Fiscal Year



Overview of Financial Statements

Pursuant to the 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 Florida Gulf Coast University Financing Corporation (Corporation) is included within the University reporting entity as a blended component unit, and the Florida Gulf Coast University Foundation, Inc. (Foundation) is included within the University reporting entity as a discretely presented component unit.

This MD&A focuses on the University, excluding the discretely presented component unit. MD&A information regarding the Corporation and Foundation component units can be found in their separately issued audit reports. Information regarding these component units, including summaries of the blended component unit's separately issued financial statements, is presented in the notes to financial statements.

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 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 Thousands)

	2021	2020
Assets		
Current Assets	$ 147,705	$ 135,927
Capital Assets, Net	568,644	550,917
Other Noncurrent Assets	10,947	8,740
Total Assets	727,296	695,584
Deferred Outflows of Resources	75,400	52,820
Liabilities		
Current Liabilities	35,881	21,505
Noncurrent Liabilities	350,098	338,724
Total Liabilities	385,979	360,229
Deferred Inflows of Resources	40,292	20,000
Net Position		
Net Investment in Capital Assets	400,100	373,885
Restricted	30,808	47,507
Unrestricted	(54,483)	(53,217)
Total Net Position	$ 376,425	$ 368,175

The University's financial position, as a whole, increased during the fiscal year ended June 30, 2021, in the amount of $8.3 million, or 2.2 percent, from the 2019-20 fiscal year primarily due to the increases in investments, deferred outflows of resources and net capital assets, offset by increases in payables, deferred inflows of resources and net pension liability. The slight decrease in unrestricted net position was accompanied by a decrease in restricted net position of $16.7 million, or 35.1 percent, and an increase in net investment in capital assets of $26.2 million, or 7 percent. The University continues to experience sound overall financial condition and health.

Total assets increased $31.7 million, or 4.6 percent, mainly in investments and net capital assets, and were offset by a decrease in funds due from State. Unrestricted invested funds increased $17.6 million, or 18.6 percent, largely as a result of a year-end release of appropriated funds from the State and an increase in fiscal year-end payables. The increase in net capital assets of $17.7 million, or 3.2 percent, was primarily from State capital appropriations for continued construction of Public Education Capital Outlay (PECO) projects, offset by the depreciation of capital assets.

Total liabilities increased $25.7 million, or 7.1 percent. The current liabilities increased $14.4 million primarily due to year end accrued salaries and wages and the completion of construction projects while the noncurrent liabilities increased $11.4 million, mainly from pensions, offset by decreases due to bond and loan payments. Deferred inflows of resources primarily associated with other postemployment benefits increased by $20.3 million, or 101.5 percent, and was offset by an increase in deferred outflow of resources from other postemployment benefits and net pension resources of $22.6 million, or 42.8 percent, as compared to the 2019-20 fiscal year. Restricted net position includes $2.8 million in the required debt service reserve accounts for Capital Improvement Revenue Bonds 2013A and Loan Agreements 2005A and 2005B, and $2 million restricted by the covenants of the Series 2008A and 2009A bond reimbursement agreements.

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 summarizes the University's activity for the 2020-21 and 2019-20 fiscal years:

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

(In Thousands)

	2020-21	2019-20
Operating Revenues	$ 124,120	$ 111,294
Less, Operating Expenses	303,661	279,782
Operating Loss	(179,541)	(168,488)
Net Nonoperating Revenues	169,321	159,805
Loss Before Other Revenues	(10,220)	(8,683)
Other Revenues	18,470	12,627
Net Increase In Net Position	8,250	3,944
Net Position, Beginning of Year	368,175	364,231
Net Position, End of Year	$ 376,425	$ 368,175

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. Operating revenues generally consist of student tuition and fees, grants and contracts, and auxiliary service revenues from students and others to provide them with instruction and other goods and services.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2020-21 and 2019-20 fiscal years:

Operating Revenues
For the Fiscal Years

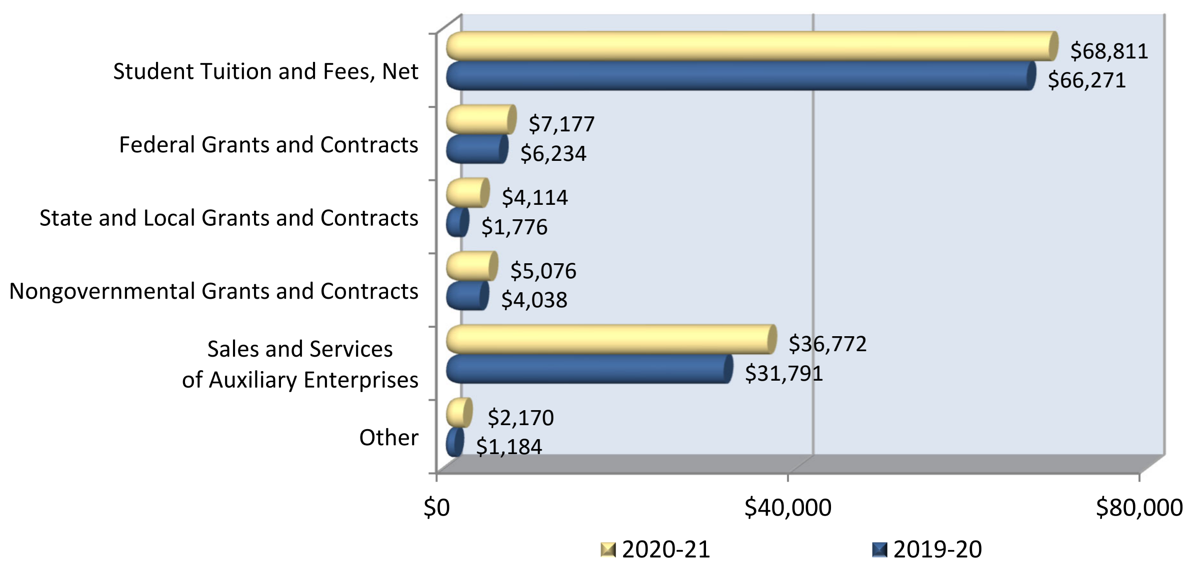
(In Thousands)

	2020-21	2019-20
Student Tuition and Fees, Net	$ 68,811	$ 66,271
Federal Grants and Contracts	7,177	6,234
State and Local Grants and Contracts	4,114	1,776
Nongovernmental Grants and Contracts	5,076	4,038
Sales and Services of Auxiliary Enterprises	36,772	31,791
Other	2,170	1,184
Total Operating Revenues	$ 124,120	$ 111,294

The following chart presents the University's operating revenues for the 2020-21 and 2019-20 fiscal years:

Operating Revenues

(In Thousands)



University operating revenue changes were the result of the following factors:

- Total operating revenues for the 2020-21 fiscal year were $124.1 million, for an increase of $12.8 million, or 11.5 percent, over the 2019-20 fiscal year. Net student tuition and fees of $68.8 million comprised 55.4 percent of total operating revenues.
    - The gross student tuition and fees of $112.8 million increased $2.6 million, or 2.3 percent, over the 2019-20 fiscal year.
    - The increase in gross student tuition and fees, in addition to a slight increase in scholarship allowance, resulted in net student tuition and fees of $68.8 million which represents a net increase of $2.5 million, or 3.8 percent, over the 2019-20 fiscal year.
    - Increased student enrollment is the main driver for the increase in gross tuition and fees revenue.

- Sales and services of auxiliary enterprises experienced an increase in revenue of $5 million, or 15.7 percent, as compared to the 2019-20 fiscal year, mainly attributable to the restoration of lost revenues from Federal Higher Education Emergency Relief Funds (HEERF).

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 summarizes operating expenses by natural classification for the 2020-21 and 2019-20 fiscal years:

Operating Expenses
For the Fiscal Years

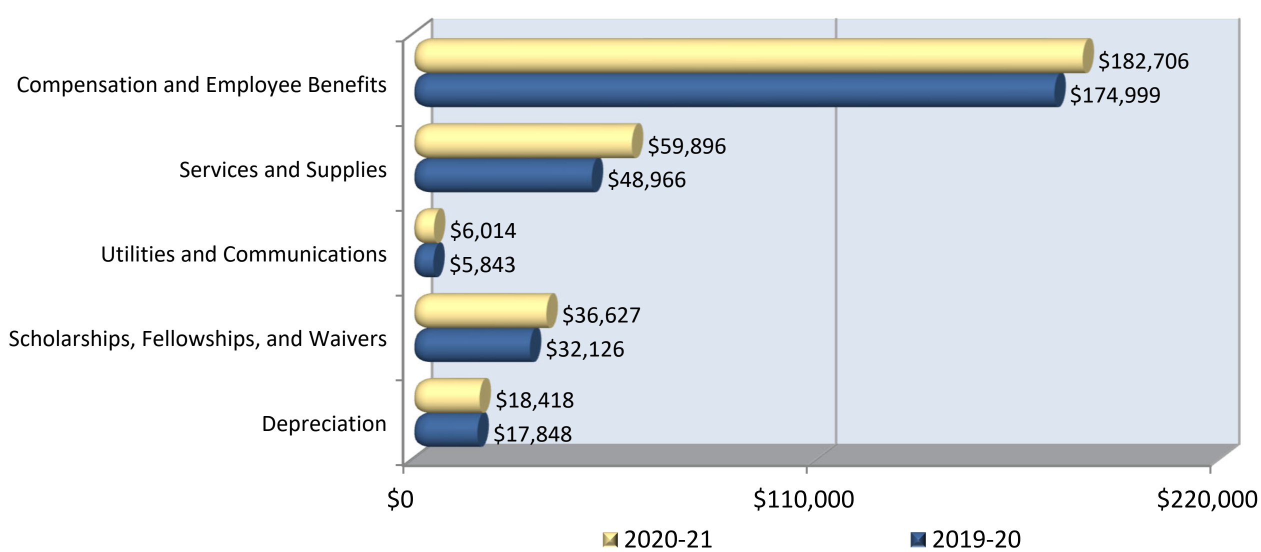
(In Thousands)

	2020-21	2019-20
Compensation and Employee Benefits	$ 182,706	$ 174,999
Services and Supplies	59,896	48,966
Utilities and Communications	6,014	5,843
Scholarships, Fellowships, and Waivers	36,627	32,126
Depreciation	18,418	17,848
Total Operating Expenses	$ 303,661	$ 279,782

The following chart presents the University's operating expenses for the 2020-21 and 2019-20 fiscal years:

Operating Expenses

(In Thousands)



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

Total operating expenses for the 2020-21 fiscal year were $303.7 million, an increase of $23.9 million, or 8.5 percent, over the 2019-20 fiscal year. Compensation and employee benefits increased $7.7 million, or 4.4 percent, over the 2019-20 fiscal year due to a one-time award of $1,500 to regular employees, and increases in OPEB, pension, and compensated absences expenses. Service and supplies increased by $10.9 million, or 22.3 percent, mainly from increased monitoring, testing, and suppression activities related to COVID-19. Scholarships, fellowships, and waivers increased $4.5 million, or 14 percent, due to an increase in student financial aid from HEERF.

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, 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 2020-21 and 2019-20 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Noncapital Appropriations	$111,078	$106,167
Federal and State Student Financial Aid	47,269	44,470
Investment Income (Loss)	(3,003)	5,126
Other Nonoperating Revenues	19,841	11,443
Interest on Capital Asset-Related Debt	(5,619)	(6,974)
Loss on Disposal of Capital Assets	(11)	(30)
Other Nonoperating Expenses	(234)	(397)
Net Nonoperating Revenues	$169,321	$159,805

The increase of $9.5 million, or 6 percent, in net nonoperating revenues is primarily due to the increase in State noncapital appropriations, Federal and State student financial aid, and other nonoperating revenues. State noncapital appropriations increased $4.9 million, or 4.6 percent, which includes $2.8 million in operational funding and $1.7 million in Performance-Based Funding. Federal and State student financial aid increased $2.8 million, or 6.3 percent, from HEERF for financial aid due to COVID-19. The other nonoperating revenues increased $8.4 million, or 73.4 percent, primarily from HEERF for institutional support.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2020-21 and 2019-20 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2020-21	**2019-20**
State Capital Appropriations	$ 17,133	$ 10,906
Capital Grants, Contracts, Donations, and Fees	1,337	1,721
Total	$ 18,470	$ 12,627

State capital appropriations increased $6.2 million, or 57.1 percent, as compared to the 2019-20 fiscal year. State capital appropriations for the 2020-21 fiscal year are for funding of the Integrated Watershed/Coastal Studies (Academic 9) Building project and the University Recreation and Wellness Center. State contributions (appropriations) for capital projects, depending upon the various stages of planning and completion, will fluctuate from year to 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 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2020-21	**2019-20**
Cash Provided (Used) by:		
Operating Activities	$ (140,493)	$ (138,612)
Noncapital Financing Activities	178,151	161,201
Capital and Related Financing Activities	(12,899)	(34,361)
Investing Activities	(22,320)	12,161
Net Increase in Cash and Cash Equivalents	2,439	389
Cash and Cash Equivalents, Beginning of Year	1,054	665
Cash and Cash Equivalents, End of Year	$ 3,493	$ 1,054

Major sources of funds included in operating activities are net student tuition and fees of $67.7 million, grants and contracts of $12.5 million, and sales and services of auxiliary enterprises of $36.1 million. Major uses of funds were payments made to and on behalf of employees totaling $159.6 million, payments to suppliers for goods and services totaling $62.8 million, and payments to and on behalf of students for scholarships and fellowships totaling $36.6 million. The increase in cash used by operating activities as compared to the 2019-20 fiscal year was due primarily to an increase in cash used for payments to and on behalf of students for scholarships and fellowships, and payments to suppliers for goods and services.

The largest source of inflow of cash from noncapital financing activities was State noncapital appropriations in the amount of $111.1 million. Also included in noncapital financing revenues was Federal and State student financial aid of $47.3 million and $37.1 million of Federal direct loan program receipts. The major use of funds was Federal direct loan program disbursements of $40 million.

Net cash used by capital and related financing activities was $12.9 million. Source of cash was mainly provided by State capital appropriations of $30.9 million, and proceeds of $23.7 million from the refunding of the Series 2011A and 2011B bonds. Cash used was primarily due from $29.8 million for the purchase or construction of capital assets, and $37.8 million in principal and interest payments on asset related debt.

Cash used by investing activities was $22.3 million from the net purchases of investments.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the University had $787.4 million in capital assets, less accumulated depreciation of $218.8 million, for net capital assets of $568.6 million. Depreciation charges for the current fiscal year totaled $18.4 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2021	**2020**
Land	$ 51,753	$ 51,753
Construction in Progress	34,891	8,184
Buildings	422,070	430,748
Infrastructure and Other Improvements	29,924	27,699
Furniture and Equipment	24,664	26,831
Library Resources	2,366	2,717
Property Under Capital Leases	283	414
Works of Art and Historical Treasures	2,521	2,247
Computer Software and Other Capital Assets	172	324
Capital Assets, Net	$568,644	$550,917

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, 2021, were incurred on the Integrated Watershed/Coastal Studies (Academic 9) Building project.

The University's construction commitments at June 30, 2021, are as follows:

	Amount (In Thousands)
Total Committed	$ 57,898
Completed to Date	(34,891)
Balance Committed	$ 23,007

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

Debt Administration

As of June 30, 2021, the University had $168.6 million in outstanding bonds payable, loans payable, and capital leases payable, representing a decrease of $8.3 million, or 4.7 percent, from the prior fiscal year resulting from principal payments and the refunding of bonds.

The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	2021	2020
Bonds Payable	$ 159,864	$ 167,470
Loans Payable	8,700	9,200
Capital Leases Payable	65	252
Total	$ 168,629	$ 176,922

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

Economic Factors That Will Affect the Future

The University is aware and actively monitoring the current COVID-19 pandemic environment, which includes taking precautions to avoid any significant effect on its financial position or operations during the 2021-22 fiscal year. The University's financial outlook for the future continues to be positive, as the level of State support, and student tuition and fee increases impact the University's ability to expand programs, undertake new initiatives, to meet its core mission and ongoing operational needs. The level of State support is one of the key factors influencing the University's activities. An increase in State funding is anticipated in the 2021-22 fiscal year for operational funding. While student enrollment increases, net student tuition and fees are expected to remain constant in the 2021-22 fiscal year due to increases in

Federal and State student financial aid and institutional aid and waivers. Resources will continue to be managed through expenditure analyses and efficiencies.

The budget that the Florida Legislature adopted for the 2021-22 fiscal year provided $110.4 million for the University's State noncapital appropriations, or an increase of 0.9 percent, from the 2020-21 fiscal year.

Another significant factor in the University's economic position relates to its ability to recruit and retain high quality students. Even during the current COVID-19 pandemic environment, the Fall 2021 enrollment of 15,971 students increased by 3.9 percent over the final Fall 2020 enrollment of 15,373 students. The 2020-21 fiscal year first time-in-college freshman admission of 3,160 students increased 21.6 percent from final enrollment of 2,599 students in the 2019-20 fiscal year. The University continues to focus on accepting better prepared students to improve its 4-year graduation rate. Efforts to improve retention, such as an aggressive marketing plan to recruit qualified students, enhanced intervention to assist academic success, and the Soar in 4 Financial Incentive Program launched in Summer 2015, will increase total enrollment and improve the 4-year graduation rate.

The University's ongoing efforts to stem COVID-19 effects contributed to student housing for Fall 2021 beginning with an occupancy rate of 100 percent, compared to an occupancy rate of 82 percent in Fall 2020, an increase of 22 percent.

The State has approved and appropriated funds in the amount of $3.5 million to the University's capital budget for the 2021-22 fiscal year. The Integrated Watershed/Coastal Studies (Academic 9) Building received a $1.4 million PECO appropriation, and the Cohen Center Student Union received a $2.1 million Capital Improvement Trust Fund appropriation.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Mr. David Vazquez, Vice President of Administrative Services and Finance, Florida Gulf Coast University, 10501 FGCU Boulevard South, Fort Myers, Florida 33965.

FLORIDA GULF COAST UNIVERSITY
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2021

	University	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 2,136,144	$ 27,125,509
Investments	112,460,404	2,153,523
Accounts Receivable, Net	9,816,369	1,587,149
Loans Receivable, Net	2,783	-
Due from State	23,289,238	-
Total Current Assets	147,704,938	30,866,181
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	1,357,061	-
Restricted Investments	9,490,629	133,890,763
Prepaid Charges	99,161	72,014
Accounts and Pledges Receivable, Net	-	5,014,650
Real Estate Held for Investment	-	8,242,500
Depreciable Capital Assets, Net	479,897,309	-
Nondepreciable Capital Assets	88,747,127	-
Total Noncurrent Assets	579,591,287	147,219,927
Total Assets	727,296,225	178,086,108
DEFERRED OUTFLOWS OF RESOURCES		
Bond Debt Refunding	185,611	-
Other Postemployment Benefits	40,635,098	-
Pensions	34,579,736	-
Total Deferred Outflows of Resources	75,400,445	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	10,892,437	151,103
Construction Contracts Payable	5,559,122	1,034,221
Salary and Wages Payable	6,141,374	-
Deposits Payable	3,071,429	-
Unearned Revenue	866,243	32,000
Long-Term Liabilities - Current Portion:		
Bonds Payable	5,855,000	-
Loans Payable	500,000	-
Capital Leases Payable	19,383	-
Compensated Absences Payable	1,341,359	-
Other Postemployment Benefits Payable	1,428,519	-
Net Pension Liability	206,202	-
Gift Annuities Payable	-	119,087
Total Current Liabilities	35,881,068	1,336,411

	University	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	154,008,618	-
Loans Payable	8,200,000	-
Capital Lease Payable	45,814	-
Compensated Absences Payable	13,015,706	-
Other Postemployment Benefits Payable	86,614,383	-
Net Pension Liability	88,213,311	-
Other Noncurrent Liabilities	-	580,122
Total Noncurrent Liabilities	350,097,832	580,122
Total Liabilities	385,978,900	1,916,533
DEFERRED INFLOWS OF RESOURCES		
Deferred Gains on Bond Debt Refunding	101,167	-
Other Postemployment Benefits	39,019,982	-
Pensions	1,171,462	-
Gift Annuities	-	1,881,209
Total Deferred Inflows of Resources	40,292,611	1,881,209
NET POSITION		
Net Investment in Capital Assets	400,100,067	-
Restricted for Nonexpendable:		
Endowment	-	88,094,149
Restricted for Expendable:		
Debt Service	4,836,918	-
Loans	534,712	-
Capital Projects	22,385,617	-
Other	3,051,099	73,963,478
Unrestricted	(54,483,254)	12,230,739
TOTAL NET POSITION	$ 376,425,159	$ 174,288,366

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

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FLORIDA GULF COAST 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, 2021

	University	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $43,961,657 ($3,456,062 Pledged for the Parking Facility Capital Improvement Debt)	$ 68,810,935	$ -
Federal Grants and Contracts	7,177,732	-
State and Local Grants and Contracts	4,114,022	-
Nongovernmental Grants and Contracts	5,075,741	-
Sales and Services of Auxiliary Enterprises ($248,038 Pledged for Parking Facility Capital Improvement Debt, $25,138,944 Pledged for Housing Facility Capital Improvement Debt)	36,771,889	-
Gifts and Donations	-	14,126,619
Rental Income Other	-	2,359,039
Other Operating Revenues	2,170,100	-
Total Operating Revenues	124,120,419	16,485,658
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	182,705,958	-
Services and Supplies	59,895,950	-
Utilities and Communications	6,013,946	-
Scholarships, Fellowships, and Waivers	36,627,639	4,763,868
Depreciation	18,417,715	-
General and Administrative	-	1,101,381
University Support	-	12,041,536
Program Services	-	3,126,410
Other Operating Expenses	-	24,852
Total Operating Expenses	303,661,208	21,058,047
Operating Loss	(179,540,789)	(4,572,389)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	111,077,896	-
Federal and State Student Financial Aid	47,269,148	-
Investment Income (Loss)	(3,003,296)	28,187,581
Other Nonoperating Revenues	19,841,192	-
Interest on Capital Asset-Related Debt	(5,619,214)	-
Loss on Disposal of Capital Assets	(10,772)	-
Other Nonoperating Expenses	(234,352)	-
Net Nonoperating Revenues	169,320,602	28,187,581
Income (Loss) Before Other Revenues	(10,220,187)	23,615,192
State Capital Appropriations	17,132,826	-
Capital Grants, Contracts, Donations, and Fees	1,337,415	4,961,224
Increase in Net Position	8,250,054	28,576,416
Net Position, Beginning of Year	368,175,105	145,711,950
Net Position, End of Year	$ 376,425,159	$ 174,288,366

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

FLORIDA GULF COAST UNIVERSITY
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2021

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 67,709,483
Grants and Contracts	12,490,046
Sales and Services of Auxiliary Enterprises	36,126,434
Payments to Employees	(159,649,319)
Payments to Suppliers for Goods and Services	(62,832,326)
Payments to Students for Scholarships and Fellowships	(36,627,639)
Loans Issued to Students	(59,728)
Collection on Loans to Students	58,785
Other Operating Receipts	2,291,250
Net Cash Used by Operating Activities	(140,493,014)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	111,077,896
Federal and State Student Financial Aid	47,269,148
Federal Direct Loan Program Receipts	37,119,132
Federal Direct Loan Program Disbursements	(40,002,279)
Net Change in Funds Held for Others	3,080,866
Other Nonoperating Receipts	19,606,841
Net Cash Provided by Noncapital Financing Activities	178,151,604
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt and New Lease Obligation	23,682,566
State Capital Appropriations	30,908,620
Capital Grants, Contracts, Donations and Fees	110,949
Purchase or Construction of Capital Assets	(29,812,159)
Principal Paid on Capital Debt and Leases	(31,417,494)
Interest Paid on Capital Debt and Leases	(6,371,781)
Net Cash Used by Capital and Related Financing Activities	(12,899,299)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	251,567,835
Purchases of Investments	(276,450,558)
Investment Income	2,563,126
Net Cash Used by Investing Activities	(22,319,597)
Net Increase in Cash and Cash Equivalents	2,439,694
Cash and Cash Equivalents, Beginning of Year	1,053,511
Cash and Cash Equivalents, End of Year	$ 3,493,205

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (179,540,789)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	18,417,715
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Prepaid Charges	(35,360)
Accounts Receivables, Net	(5,954,400)
Accounts Payable	3,110,139
Salaries and Wages Payable	5,144,138
Deposits Payable	551,885
Compensated Absences Payable	(334,196)
Unearned Revenue	(98,843)
Other Postemployment Benefits Payable	(1,389,361)
Net Pension Liability	21,729,853
Deferred Outflows of Resources Related to Other Postemployment Benefits	(15,459,560)
Deferred Inflows of Resources Related to Other Postemployment Benefits	23,402,047
Deferred Outflows of Resources Related to Pensions	(6,935,402)
Deferred Inflows of Resources Related to Pensions	(3,100,880)
NET CASH USED BY OPERATING ACTIVITIES	$ (140,493,014)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES	
Unrealized loss on investments was recognized as a decrease 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.	$ (4,713,385)

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity. The 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 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of 5 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.

Blended Component Unit. Although it is legally separate from the University, the Florida Gulf Coast University Financing Corporation (Corporation) is included within the University's reporting entity as a blended component unit. The Corporation was incorporated on April 11, 2003, as a not-for-profit Florida corporation under the provisions of Chapter 617, Florida Statutes, and is a direct-support organization of the University. The Corporation was created to receive, hold, invest, and administer property and to make expenses for the exclusive benefit of the University. Due to the substantial economic relationship between the Corporation and the University, the financial activities of the Corporation are included in the University's financial statements. An annual audit of the Corporation is conducted by independent certified public accountants and is submitted to the Auditor General and the University Board of Trustees. Additional information on the Corporation, including copies of audit reports, is available by contacting the University Controller's office. Condensed financial statements for the Corporation are shown in a subsequent note. The condensed financial statements are reported net of eliminations.

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, the Florida Gulf Coast University Foundation, Inc. (Foundation), as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011 is included within the University reporting entity as discretely presented component unit. The Foundation was incorporated on April 19, 1993, as a not-for-profit Florida corporation under the provisions of Chapter 617, Florida Statutes. The Foundation is a legally separate direct-support organization of the University and is governed by a separate board. Its purpose is to encourage, solicit, collect, receive, and administer gifts and bequests of property and funds for scientific, educational, and charitable purposes, all for the advancement of the University and its objectives.

An annual audit of the Foundation's financial statements is conducted by independent certified public accountants. Additional information on the Foundation, including copies of audit reports, is available by contacting the University Controller's Office.

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, 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 blended and discretely presented component units use the economic resources measurement focus and the accrual basis of accounting, and follows GASB standards of accounting and financial reporting.

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

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

Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third party making payment on behalf of the student. The University applied the "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

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, 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.

The amount reported as restricted cash and cash equivalents for the University at June 30, 2021, includes at fair value $385,793 of Corporation moneys of which $385,779 was held by the lender and owner of the 2005B Loan as a debt service reserve requirement.

Cash and Cash Equivalents – Component Unit. The amount reported as cash and cash equivalents for the Foundation (discretely presented component unit) at June 30, 2021, includes $15,751,555 of bank deposits of which $275,130 is insured by the Federal deposit insurance with the remainder of $15,476,425 collateralized under the Florida Public Deposits Program. The Foundation also had cash held on deposit with investment managers at June 30, 2021, totaling $5,036,357, of which $410,534 was covered by the Securities Investor Protection Corporation.

Cash and cash equivalents reported for the Foundation at June 30, 2021, also includes at fair value $6,185,394 of Foundation moneys held in the State Treasury Special Purpose Investment Account (SPIA) investment pool representing ownership of a share of the pool, not the underlying securities. The

State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.60 years, and fair value factor of 0.984 at June 30, 2021. The Foundation 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.

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, property under capital leases, computer software, and other capital assets.

These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The University has a capitalization threshold of $5,000 for tangible personal property and $100,000 for buildings and infrastructure and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 35 to 50 years
- Infrastructure and Other Improvements – 10 to 50 years
- Furniture and Equipment:
  - Equipment (Other than Moveable) – 10 to 25 years
  - Computer Equipment – 3 to 6 years
  - Moveable Equipment – 5 to 20 years
- Library Resources – 10 years
- Property Under Capital Leases – 10 years
- Works of Art and Historical Treasures – 20 years
- Computer Software and Other Capital Assets – 4 to 10 years

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, loans payable, capital leases payable, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year. Bonds payable are reported net of unamortized premium or discount. The University amortizes debt premiums and discounts over the life of the debt 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 HIS fiduciary net positions have been determined on the same basis as they are reported by the FRS and the HIS plans. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

2. Deficit Net Position in Individual Funds

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

Fund	Net Position
Current Funds - Unrestricted	$ (90,816,012)
Auxiliary Funds	5,015,480
Total University Net Position	(85,800,532)
Blended Component Unit Unrestricted Net Position	31,317,278
Total	$ (54,483,254)

3. 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 Board of Trustees has not adopted a written investment policy. As such, pursuant to Section 218.415(17), 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; and direct obligations of the United States Treasury. Of the reported investments, $2 million is restricted by the covenants of the bond reimbursement agreements for the Capital Improvement Revenue Bonds Series 2008A and 2009A and $2,449,201 for debt service reserve accounts for the Series 2005A loan, Series 2011A, and 2013A bonds.

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.

External Investment Pools.

The University reported investments at fair value totaling $121,951,033 at June 30, 2021, in the State Treasury 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 2.60 years, and fair value factor of 0.984 at June 30, 2021. 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.

Component Unit Investments. The Foundation's recurring fair value measurements as of June 30, 2021 are valued using quoted market prices (Level 1 inputs). Investments held by the Foundation at June 30, 2021, are reported at fair value as follows:

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
United States Treasury Securities	$ 2,495,424	$ 2,495,424	$ -	$ -
Obligations of the United States Government Agencies and Instrumentalities	2,335,136	-	2,335,136	-
Bonds and Notes	14,577,596	-	14,577,596	-
Land Held for Investment or Resale	247,893	-	-	247,893
Stocks and Other Equity Securities	538,910	538,910	-	-
Mutual Funds	114,309,855	114,309,855	-	-
Total investments by fair value level	134,504,814	$ 117,344,189	$ 16,912,732	$ 247,893
Investments measured at the net asset value (NAV)				
Other Investments:				
Real Assets	88,612			
Surrender Value of Insurance Policy	270,275			
Private Equity	1,180,585			
Total Other Investments	1,539,472			
Total investments measured at the NAV or its equivalent	1,539,472			
Total investments measured at fair value	$ 136,044,286			

Fair Value Measurement: Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified as Level 2 of the fair value hierarchy are valued using quoted prices for similar assets in active markets.

Other information for investments measured at the NAV or its equivalent follows:

Investments measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real Assets	$ 88,612	$ 90,000	Not available	NA
Surrender value of insurance policy	270,275	-	Not available	NA
Private Equity	1,180,585	133,050	Not available	NA
Total investments measured at the NAV	$ 1,539,472	$ 223,050		

Real Assets: This investment is in a partnership that invests in a diversified portfolio of private equity and real assets investment funds (underlying funds or private investment funds), which in turn have been established to invest in a broad range of private equity, real estate, energy, and other hard-asset-oriented investments.

Private Equity: The investment within this segment invest in private equity funds in the venture capital, buyout, and capital restructuring sectors.

The Foundation's investment policy allows for investments in equity securities traded on the principal United States Stock Exchanges (NYSE and NASDAQ), and the Foundation only purchases equity securities of companies with a market capitalization of at least $1 billion. For fixed income instruments, the Foundation's policy allows investments in bonds issued by the United States Government, an agency of the United States Government, public traded corporations or their affiliates, taxable municipal bonds, preferred stocks, and real estate investment trusts.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. Exposure to custodial risk relates to investments that are held by someone other than the component unit and not registered in their names. The Foundation utilizes the services of an investment advisor and several investment managers. All investments are uninsured and unregistered with securities held by the counterparty's trust department or agent in the Foundation's name. The Foundation's mutual fund investments totaling $114,309,855 at June 30, 2021, are not exposed to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form. There were no losses during the period due to default by counterparties to investment transactions.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's investment policy does not limit debt obligation maturities. The Foundation's investments in debt securities at June 30, 2021, are reported at fair value as follows:

	Investment Maturities (In Years)				
Investment Type	**Fair Value**	**Less than 1 Year**	**1 - 5 Years**	**5 - 10 Years**	**Over 10 Years**
Obligations of United States Government Agencies and Instrumentalities	$ 2,335,136	$ -	$ 899,998	$ 1,435,138	$ -
Bonds, Notes, and Other Debt Securities	17,073,020	1,268,223	9,568,505	5,671,422	564,870
Total	$ 19,408,156	$ 1,268,223	$ 10,468,503	$ 7,106,560	$ 564,870

Credit Risk: Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligation. The Foundation does not have a formal investment policy with respect to credit risk.

At June 30, 2021, the Foundation's investments in debt securities were rated as follows:

Rating	Number	Fair Value	% Bond Holdings
AAA	45	$ 8,520,916	43.90%
AA	26	4,376,482	22.55%
A	57	5,698,172	29.36%
BBB	4	812,586	4.19%
		$ 19,408,156	

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the component unit's investment in a single issuer. At June 30, 2021, the Foundation's investment in its Collective Investment Funds exceeded five percent of total investments.

Other Information: For management control, investments are pooled. Gains, losses, and investment income from the pool are allocated quarterly to the funds that participate in the pool based upon each fund's average quarterly balance.

The Foundation assesses a management fee on all endowment funds for the purpose of funding the Foundation's operating budget. Administrative fees assessed to the endowment funds totaled $1,669,778 or 1.5 percent for the year ending June 30, 2021.

The Endowment Fund account balances (including cash balances) subject to the administrative fee are comprised as follows at June 30, 2021:

Eminent Scholars Program	$ 17,676,339
Major Gifts Program	53,964,654
Other Endowment	57,668,041
	$ 129,309,034

4. 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, 2021, the University reported the following amounts as accounts receivable:

Description	Amount
Contracts and Grants	$ 5,088,917
Student Tuition and Fees	4,639,809
Other	87,643
Total Accounts Receivable	$ 9,816,369

Loans Receivable. Loans receivable consist of short-term loans made to students pending the receipts of student financial aid.

Allowance for Doubtful Receivables. Allowances for doubtful accounts and loans 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 receivable are reported net of allowances of $1,111,732 and $6,306, respectively, at June 30, 2021.

No allowance has been accrued for contracts and grants receivable. University management considers these to be fully collectible.

5. Due From State

The amount due from State consists of $23,289,238 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations due from the State to the University for construction of University facilities.

6. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Adjustments (1)	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:					
Land	$ 51,753,037	$ -	$ -	$ -	$ 51,753,037
Works of Art and Historical Treasures	1,793,358	-	310,133	-	2,103,491
Construction in Progress	8,183,629	-	35,142,961	8,435,991	34,890,599
Total Nondepreciable Capital Assets	$ 61,730,024	$ -	$ 35,453,094	$ 8,435,991	$ 88,747,127
Depreciable Capital Assets:					
Buildings	$ 561,466,311	$ -	$ 2,805,313	$ -	$ 564,271,624
Infrastructure and Other Improvements	45,278,406	-	4,065,540	8,345	49,335,601
Furniture and Equipment	66,599,400	-	2,142,578	980,490	67,761,488
Library Resources	13,856,318	-	105,884	-	13,962,202
Property Under Capital Leases	742,870	-	-	32,327	710,543
Works of Art and Historical Treasures	738,143	-	-	-	738,143
Computer Software and Other Capital Assets	1,948,386	27	-	40,212	1,908,201
Total Depreciable Capital Assets	690,629,834	27	9,119,315	1,061,374	698,687,802
Less, Accumulated Depreciation:					
Buildings	130,718,699	-	11,483,754	-	142,202,453
Infrastructure and Other Improvements	17,579,704	-	1,840,232	8,345	19,411,591
Furniture and Equipment	39,768,295	2,260	4,351,104	1,024,260	43,097,399
Library Resources	11,139,616	-	456,122	-	11,595,738
Property Under Capital Leases	328,630	-	98,104	-	426,734
Works of Art and Historical Treasures	283,629	-	37,014	-	320,643
Computer Software and Other Capital Assets	1,624,091	-	151,385	39,541	1,735,935
Total Accumulated Depreciation	201,442,664	2,260	18,417,715	1,072,146	218,790,493
Total Depreciable Capital Assets, Net	$ 489,187,170	$ (2,233)	$ (9,298,400)	$ (10,772)	$ 479,897,309

(1) Adjustments to reflect the reclassification of Capital Assets and Accumulated Depreciation for correct presentation.

7. Unearned Revenue

Unearned revenue at June 30, 2021, consists of grants and contracts received prior to fiscal year end related to subsequent accounting periods.

8. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2021, include bonds payable, loans payable, capital leases payable, compensated absences payable, other postemployment benefits payable, and net pension liability. Long-term liabilities activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 167,470,058	$ 23,682,566	$ 31,289,006	$ 159,863,618	$ 5,855,000
Loans Payable	9,200,000	-	500,000	8,700,000	500,000
Capital Leases Payable	252,474	-	187,277	65,197	19,383
Compensated Absences Payable	14,691,262	1,250,239	1,584,436	14,357,065	1,341,359
Other Postemployment Benefits Payable	89,432,264	62,145,351	63,534,713	88,042,902	1,428,519
Net Pension Liability	66,689,660	50,410,945	28,681,092	88,419,513	206,202
Total Long-Term Liabilities	$ 347,735,718	$137,489,101	$ 125,776,524	$ 359,448,295	$ 9,350,463

Capital Improvement Revenue Bonds Payable. Capital Improvement Revenue Bonds were issued to construct University facilities, including parking garages and student housing facilities. Capital Improvement Revenue Bonds outstanding, which include both term and serial bonds, are secured by a pledge of housing rental revenues, traffic and parking fees, and an assessed transportation fee based on credit hours.

In prior years, the Corporation issued Capital Improvement Revenue Bonds, Series 2003, 2005A, 2007A, 2008A, 2010A, 2010B, 2011A, and 2013A to construct or purchase student housing facilities, and 2005B, 2007C, and 2009A to construct student parking garages.

The University extinguished long-term capital improvement debt obligations by the issuance of new long-term capital improvement debt instruments as follows:

On July 1, 2013, the Corporation entered into loan agreements authorizing the refunding of Capital Improvement Revenue Bonds, Series 2005A (Student Residences Phase VII) and Capital Improvement Revenue Bonds, Series 2005B (Student Parking Phase I) which resulted in defeasance of the variable rate capital improvement revenue bond debt and securing fixed rate loans. Accordingly, the Capital Improvement Revenue Bonds, Series 2005A and 2005B are no longer reported as a bond payable on the face of the statement of net position for the reporting period ended June 30, 2021, and the new fixed rate tax exempt loan is reported as loans payable.

On November 29, 2017, the Financing Corporation issued $47,500,000 of Capital Improvement Refunding Housing Revenue Bonds, Series 2017A, with an original issue premium of $6,456,991, and interest rates ranging from 3.375 percent to 5 percent. The proceeds of the sale of the Series 2017A Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2003 principal totaling $33,870,000, and Series 2007A principal totaling $20,200,000, and related issuance costs. As a result of the refunding, the University reduced its capital improvement debt service requirement by $11,614,278 over the next 20 years and obtained an economic gain of $7,670,123.

On November 29, 2017, the Financing Corporation issued $7,850,000 of Capital Improvement Refunding Parking Revenue Bonds, Series 2017B, with an original issue premium of $398,563, and interest rates ranging from 3 percent to 5 percent. The proceeds of the sale of the Series 2017B Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2007C principal totaling $8,060,000, and related issuance costs. As a result of the refunding, the University reduced its capital improvement debt service requirement by $995,611 over the next 20 years and obtained an economic gain of $765,040.

On December 5, 2019, the Financing Corporation issued $32,575,000 of Capital Improvement Refunding Housing Revenue Bonds, Series 2019A, with an original issue premium of $5,125,443, and interest rates ranging from 3 percent to 5 percent. The proceeds of the sale of the Series 2019A Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2010A principal totaling $26,590,000 and 2010B principal totaling $14,100,000, and related issuance costs. As a result of the refunding, the University reduced its capital improvement debt service requirement by $11,263,635 over the next 20 years and obtained an economic gain of $8,678,824. As part of the refunding, the debt service reserves were liquidated towards the payment of Series 2010A and 2010B principal.

On December 17, 2020, the Financing Corporation issued $19,800,000 of Capital Improvement Refunding Housing Revenue Bonds, Series 2020A, with an original issue premium of $3,882,566 and interest rates ranging from 3 percent to 5 percent. The proceeds of the sale of the Series 2020A Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2011A principal totaling $25,600,000. As a result of the refunding, the University reduced its capital improvement debt service requirement of $10,237,991 over the next 20 years and obtained an economic gain of $8,474,400. As part of the refunding, the debt service reserve was liquidated towards the payment of Series 2011A principal.

The University has entered into a Master Ground and Operating Lease Agreement with the Corporation. The University leases land to the Corporation for a rental fee of $1 per year. The land covered by the ground lease together with the improvements thereon is leased back to the University to manage and operate. The master lease will terminate on the date on which the revenue bonds and any related obligations are paid in full. Revenue from the student residence facilities and parking facilities is pledged to pay rent to the Corporation or its assignees equal to the debt service on the revenue bonds. During the 2020-21 fiscal year, parking facilities rental and fee income, and student residence rental income totaled $3,704,100 and $25,138,944 respectively.

The University had the following capital improvement debt payable outstanding at June 30, 2021:

Capital Improvement Revenue Bonds Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Capital Improvement Revenue Bonds:				
2008A Student Residences (Phase IX)	$ 22,000,000	$ 14,850,000	0.03 (2)	2038
2009A Student Parking (Phase III)	8,000,000	5,765,000	0.03 (2)	2039
2013A Student Housing (Phase XIII)	30,000,000	26,436,357	3.00 to 5.00	2043
2017A Student Housing Project	47,500,000	46,827,479	3.375 to 5.00	2037
2017B Student Parking Project	7,850,000	7,014,049	3.25 to 5.00	2037
2019A Student Housing Project	32,575,000	35,371,484	3.00 to 5.00	2039
2020A Student Housing Project	19,800,000	23,599,249	3.00 to 5.00	2040
Total Capital Improvement Revenue Bonds	$ 167,725,000	$ 159,863,618		

(1) Amount outstanding includes unamortized discounts and premiums.
(2) Variable interest rate at June 30, 2021.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 5,855,000	$ 6,025,609	$ 11,880,609
2023	6,130,000	5,763,092	11,893,092
2024	6,420,000	5,496,293	11,916,293
2025	6,720,000	5,216,119	11,936,119
2026	7,035,000	4,922,609	11,957,609
2027-2031	40,510,000	19,433,339	59,943,339
2032-2036	44,395,000	9,994,637	54,389,637
2037-2041	24,635,000	2,992,214	27,627,214
2042-2043	3,315,000	250,250	3,565,250
Subtotal	145,015,000	60,094,162	205,109,162
Net Discounts and Premiums	14,848,618	-	14,848,618
Total	$ 159,863,618	$ 60,094,162	$ 219,957,780

Loans Payable. On July 1, 2013, the Financing Corporation entered into Loan Agreement (2005A), dated July 1, 2013, in the amount of $6,800,000, and a Loan Agreement (2005B), dated July 1, 2013, in the amount of $5,100,000, collectively hereafter referred to as the Loan, authorizing the refunding of Capital Improvement Revenue Bonds, Series 2005A (Student Residence Phase VII), and Capital Improvement Revenue Bonds, Series 2005B (Student Parking Phase I), which resulted in defeasance of the variable rate capital improvement revenue bond debt and securing fixed rate tax-exempt loans. The proceeds from the fixed rate tax-exempt loans were used to refund the outstanding principal debt of Capital Improvement Revenue Bonds, Series 2005A, in the par amount of $6,800,000, and Capital Improvement Revenue Bonds, Series 2005B, in the par amount of $5,100,000. Accordingly, the Capital Improvement Revenue Bonds, Series 2005A, and Series 2005B, are no longer reported as a bond payable on the face of the statement of net position for the reporting period ended June 30, 2018, and the new fixed rate tax-exempt loan is reported as loans payable. The maturity dates or principal payment schedules were not modified, and there was no economic gain or loss from the advanced refunding of the bond debt.

Annual requirements to amortize the outstanding loans as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 500,000	$ 275,976	$ 775,976
2023	500,000	260,115	760,115
2024	500,000	244,254	744,254
2025	500,000	228,394	728,394
2026	500,000	212,533	712,533
2027-2031	3,300,000	783,519	4,083,519
2032-2035	2,900,000	234,738	3,134,738
Total	$ 8,700,000	$ 2,239,529	$ 10,939,529

Capital Leases Payable. John Deere 2653B equipment was acquired for $8,134 in October 2019 for stated interest rate of 5.25 percent, Toro lawn equipment was acquired for $76,257 in December 2019 for stated interest rate of 5.75 percent, and a DesignJet HP T2600 Multifunction printer was acquired for $10,252 in December 2019 for stated interest rate of 8.55 percent. Principal and interest requirements on the capital leases outstanding as of June 30, 2021, are presented in the following table:

Fiscal Year Ending June 30	Amount
2022	$ 22,790
2023	20,844
2024	20,112
2025	8,381
Total Minimum Payments	72,127
Less, Amount Representing Interest	6,930
Present Value of Minimum Payments	$ 65,197

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, 2021, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $14,357,065. The current portion of the compensated absences liability, $1,341,359, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to 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 meet the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for funding 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 $88,042,902 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2020. At June 30, 2020, the University's proportionate share, determined by its proportion of total benefit payments made, was 0.86 percent, which was an increase of 0.15 from the proportionate share measured as of June 30, 2019.

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

Inflation	2.60 percent
Salary increases	Varies by FRS Class
Discount rate	2.66 percent
Healthcare cost trend rates	
PPO	7.78 percent for 2021, initially increasing to 8.19 percent for 2024, before decreasing to an ultimate rate of 4.04 percent for 2076 and later years
HMO	5.66 percent for 2021, initially increasing to 6.02 percent for 2024, before decreasing to an ultimate rate of 4.04 percent for 2076 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the Standard & Poor's Municipal Bond 20-Year High Grade Rate Index.

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

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2019, through July 1, 2020, adopted by the FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the July 1, 2020, valuation were based on a review of recent plan experience done concurrently with the July 1, 2020, valuation.

The following changes have been made since the prior valuation:

- The census data reflects changes in status for the twelve-month period since July 1, 2020.
- The discount rate was updated to utilize the mandated discount rate based on a 20-year Standard & Poor's Municipal Bond Rate index as of the measurement date as required under GASB Statement No. 75. The discount rate decreased from 2.79 percent to 2.66 percent.
- Mortality rates were updated to align with those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Rates were previously based on RP-2000 mortality tables with fully generational improvement using Scale BB. Underlying tables were updated to use Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. This change decreased the Total OPEB Liability by about 5 percent.
- The previous valuation conducted as of July 1, 2019, reflected the full impact of the Excise Tax that was to go into effect in 2022. The impact of this change was an increase in liabilities of about 12 percent. Since the previous valuation, this tax was repealed. The current valuation reflects this. The impact of this change is a decrease in the Total OPEB Liability of about 13 percent.
- The assumed claims and premiums reflect the actual claims information as well as the premiums that are actually being charged to participants. These updates resulted in lower liabilities as of June 30, 2020.
- The medical trend assumption is updated each year based on the Getzen Model. The medical trend rates used are consistent with the August 2020 Report on the Financial Outlook of the Plan along with information from the Getzen Model and actuarial judgment. The impact of the trend

rate changes is a decrease in the liability, due primarily to lower trend rates in the first several years.

- Most actively employed participants in the Plan are health plan subscribers. Those participants are assumed to continue their current health coverage into retirement. For those who are not currently covered under the health plan, 72 percent are assumed to elect PPO coverage in retirement. The remaining 28 percent are assumed to elect HMO coverage. This assumption is based on guidance provided by the DSGI in an email on September 22, 2020. This change resulted in a small decrease in the Total OPEB Liability.

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. 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 a discount rate that is 1 percentage point lower (1.66 percent) or 1 percentage point higher (3.66 percent) than the current rate:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
University's proportionate share of the total OPEB liability	$112,404,372	$88,042,902	$69,994,568

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 are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's proportionate share of the total OPEB liability	$67,934,966	$88,042,902	$116,194,312

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

For the fiscal year ended June 30, 2021, the University recognized OPEB expense of $8,025,292. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 5,144,103
Change of assumptions or other inputs	11,639,564	33,318,635
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	27,531,254	557,244
Transactions subsequent to the measurement date	1,464,280	-
Total	$ 40,635,098	$ 39,019,982

Of the total amount reported as deferred outflows of resources related to OPEB, $1,464,280 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, 2022.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ (1,102,440)
2023	(1,102,440)
2024	(1,102,440)
2025	(1,102,440)
2026	537,665
Thereafter	4,022,931
Total	$ 150,836

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), 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, 2021, the University's proportionate share of the net pension liabilities totaled $88,419,513. Note 9. includes a complete discussion of defined benefit pension plans.

9. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

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

Essentially all regular employees of the University are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The University's FRS and HIS pension expense totaled $18,298,477 for the fiscal year ended June 30, 2021.

FRS Pension Plan

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

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

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

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

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

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

Class	Percent of Gross Salary Employee	Employer (1)
FRS, Regular	3.00	10.00
FRS, Senior Management Service	3.00	27.29
FRS, Special Risk	3.00	24.45
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

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

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

The University's contributions to the Plan totaled $5,796,617 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the University reported a liability of $70,402,410 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The University's proportionate share of the net pension liability was based on the University's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the University's proportionate share was 0.162436585 percent, which was an increase of 0.012351426 from its proportionate share measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of $16,310,059. In addition, the University reported deferred outflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources
Differences between expected and actual experience	$ 2,694,443
Change of assumptions	12,745,073
Net difference between projected and actual earnings on FRS Plan investments	4,191,827
Changes in proportion and differences between University contributions and proportionate share of contributions	3,861,169
University FRS contributions subsequent to the measurement date	5,796,617
Total	$ 29,289,129

The deferred outflows of resources totaling $5,796,617, 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, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 5,078,024
2023	7,182,806
2024	6,131,156
2025	3,859,993
Thereafter	1,240,533
Total	$ 23,492,512

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

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

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

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

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2020 valuation was updated from 6.90 percent to 6.80 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 6.80 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 (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
University's proportionate share of the net pension liability	$112,420,817	$70,402,410	$35,308,453

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.

Payables to the Pension Plan. At June 30, 2021, the University reported a payable of $324,688 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2021.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which 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, 2021, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled $806,886 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the University reported a liability of $18,017,103 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 1 year, net of the

University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The University's proportionate share of the net pension liability was based on the University's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the University's proportionate share was 0.147562186 percent, which was an increase of 0.013480300 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the University recognized pension expense of $1,988,418. 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
Change of assumptions	$ 1,937,350	$ 1,047,625
Difference between expected and actual experience	737,009	13,899
Net difference between projected and actual earnings on HIS Plan investments	14,385	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	1,794,977	109,938
University HIS contributions subsequent to the measurement date	806,886	-
Total	$ 5,290,607	$ 1,171,462

The deferred outflows of resources totaling $806,886, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ 894,038
2023	662,117
2024	339,190
2025	415,766
2026	505,788
Thereafter	495,360
Total	$ 3,312,259

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

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.21 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 2.21 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the 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 2020 valuation was updated from 3.50 percent to 2.21 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 2.21 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	**Current Discount Rate (2.21%)**	**1% Increase (3.21%)**
University's proportionate share of the net pension liability	$20,826,966	$18,017,103	$15,717,237

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.

Payables to the Pension Plan. At June 30, 2021, the University reported a payable of $56,769 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2021.

10. Retirement Plans – Defined Contribution Pension Plans

FRS Investment Plan. The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State's 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 2020-21 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the 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 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

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

The University's Investment Plan pension expense totaled $1,351,309 for the fiscal year ended June 30, 2021.

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 the FRS for 8 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 8.59 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the 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 $5,093,075, and employee contributions totaled $3,046,453 for the 2020-21 fiscal year.

11. Construction Commitments

The University's construction commitments at June 30, 2021, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Integrated Watershed/Coastal Studies Building	$ 56,578,658	$ 34,755,849	$ 21,822,809
Subtotal	56,578,658	34,755,849	21,822,809
Project Balances Under $1 Million	1,319,088	134,750	1,184,338
Total	$ 57,897,746	$ 34,890,599	$ 23,007,147

12. 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 2020-21 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 $62.75 million for named windstorm and flood through February 14, 2021, and decreased to $57.5 million starting February 15, 2021. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $162.25 million through February 14, 2021, and increased to $167.5 million starting February 15, 2021; 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 3 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.

13. 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 an academic department 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	$ 91,202,751
Research	8,465,254
Public Services	11,898,363
Academic Support	21,732,713
Student Services	16,979,761
Institutional Support	48,400,360
Operation and Maintenance of Plant	11,788,893
Scholarships, Fellowships, and Waivers	36,627,639
Depreciation	18,417,715
Auxiliary Enterprises	38,147,759
Total Operating Expenses	$ 303,661,208

14. 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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

	Housing Facility	Parking Facility
Assets		
Current Assets	$ 28,249,505	$ 7,444,464
Capital Assets, Net	158,587,155	18,572,265
Other Noncurrent Assets	3,449,214	1,385,780
Total Assets	190,285,874	27,402,509
Deferred Outflows of Resources	1,897,338	170,234
Liabilities		
Current Liabilities	8,717,665	893,649
Noncurrent Liabilities	150,607,571	15,965,445
Total Liabilities	159,325,236	16,859,094
Deferred Inflows of Resources	1,166,023	39,637
Net Position		
Net Investment in Capital Assets	8,314,089	710,270
Restricted - Expendable	3,451,136	1,385,783
Unrestricted	19,926,728	8,577,959
Total Net Position	$ 31,691,953	$ 10,674,012

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

	Housing Facility	Parking Facility
Operating Revenues	$ 25,138,944	$ 3,704,100
Depreciation Expense	(4,172,986)	(503,902)
Other Operating Expenses	(15,592,690)	(1,616,429)
Operating Income	5,373,268	1,583,769
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	5,271,513	117,210
Other Nonoperating Expense	(4,763,859)	(440,597)
Net Nonoperating Revenues (Expenses)	507,654	(323,387)
Increase in Net Position	5,880,922	1,260,382
Net Position, Beginning of Year	25,811,031	9,413,630
Net Position, End of Year	$ 31,691,953	$ 10,674,012

Condensed Statement of Cash Flows

	Housing Facility	Parking Facility
Net Cash Provided (Used) by:		
Operating Activities	$ 13,638,585	$ 2,059,671
Noncapital Financing Activities	(4,506,759)	(440,064)
Capital and Related Financing Activities	(7,092,004)	(690,000)
Investing Activities	(2,063,806)	(932,844)
Net Decrease in Cash and Cash Equivalents	(23,984)	(3,237)
Cash and Cash Equivalents, Beginning of Year	7,372	385,822
Cash and Cash Equivalents, End of Year	$ (16,612)	$ 382,585

15. Blended Component Unit

The University has one blended component unit as discussed in Note 1. The following financial information is presented net of eliminations for the University's blended component unit:

Condensed Statement of Net Position

	FGCU Financing Corporation	University	Eliminations	Total Primary Government
Assets:				
Current Assets	$ 35,269,572	$ 112,902,184	$ (466,818)	$ 147,704,938
Capital Assets, Net	-	568,644,436	-	568,644,436
Other Noncurrent Assets	172,970,055	6,111,857	(168,135,061)	10,946,851
Total Assets	208,239,627	687,658,477	(168,601,879)	727,296,225
Deferred Outflows of Resources	13,586	75,386,859	-	75,400,445
Liabilities:				
Current Liabilities	9,321,948	27,025,938	(466,818)	35,881,068
Noncurrent Liabilities	162,208,618	356,024,275	(168,135,061)	350,097,832
Total Liabilities	171,530,566	383,050,213	(168,601,879)	385,978,900
Deferred Inflows of Resources	568,450	39,724,161	-	40,292,611
Net Position:				
Net Investment in Capital Assets	-	400,100,067	-	400,100,067
Restricted - Expendable	4,836,919	25,971,427	-	30,808,346
Unrestricted	31,317,278	(85,800,532)	-	(54,483,254)
Total Net Position	$ 36,154,197	$ 340,270,962	$ -	$ 376,425,159

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

	FGCU Financing Corporation	University	Eliminations	Total Primary Government
Operating Revenues	$ 19,667,409	$ 104,453,010	$ -	$ 124,120,419
Depreciation Expense	-	(18,417,715)	-	(18,417,715)
Other Operating Expenses	(12,002,768)	(276,775,951)	3,535,226	(285,243,493)
Operating Income (Loss)	7,664,641	(190,740,656)	3,535,226	(179,540,789)
Nonoperating Revenues (Expenses):				
Nonoperating Revenue	549,760	174,635,180	-	175,184,940
Interest Expense	-	(8,445)	(5,610,769)	(5,619,214)
Other Nonoperating Expense	(2,309,895)	(10,772)	2,075,543	(245,124)
Net Nonoperating Revenues (Expenses)	(1,760,135)	174,615,963	(3,535,226)	169,320,602
Other Revenues	-	18,470,241	-	18,470,241
Increase in Net Position	5,904,506	2,345,548	-	8,250,054
Net Position, Beginning of Year	30,249,691	337,925,414	-	368,175,105
Net Position, End of Year	$ 36,154,197	$ 340,270,962	$ -	$ 376,425,159

Condensed Statement of Cash Flows

	FGCU Financing Corporation	University	Eliminations	Total Primary Government
Net Cash Provided (Used) by:				
Operating Activities	$ 12,823,515	$ (139,259,889)	$ (14,056,640)	$ (140,493,014)
Noncapital Financing Activities	(2,052,262)	160,536,457	19,667,409	178,151,604
Capital and Related Financing Activities	(7,782,004)	493,474	(5,610,769)	(12,899,299)
Investing Activities	(2,996,650)	(19,322,947)	-	(22,319,597)
Net Increase (Decrease) in Cash and Cash Equivalents	(7,401)	2,447,095	-	2,439,694
Cash and Cash Equivalents, Beginning of Year	443,194	610,317	-	1,053,511
Cash and Cash Equivalents, End of Year	$ 435,793	$ 3,057,412	$ -	$ 3,493,205

16. Related Party Transactions

University and Blended Component Unit.

As part of a Master Ground and Operating Lease Agreement (see Note 8.), the University operates and pays all operating costs of the facilities leased from the Corporation from the gross rental income from the respective student residences and parking facilities. The net rental income is then paid to the Corporation by the University in arrears based on collections. The University provides office space and related occupancy costs, such as, utilities and use of other office machines as well as accounting and record keeping services at no cost to the Corporation.

Discretely Presented Component Unit.

The Foundation maintains a portion of its investments with a financial institution of which a Foundation board member was an officer during the fiscal year ended June 30, 2021. The Foundation investments managed by the financial institution at June 30, 2021, totaled $29,135.

The Foundation maintains a portion of its fixed income investments with an investment firm of which a Foundation board member was an officer during the fiscal year ended June 30, 2021. The Foundation investments managed by the investment firm at June 30, 2021, totaled $14,485,058.

The Foundation’s operating bank account was with a financial institution that a Foundation board member was an officer of during the fiscal year ending June 30, 2021. On June 30, 2021, the Foundation had $15,726,424 on deposit with this financial institution.

On July 17, 2013, the University renewed the lease agreement with the Foundation for the use of waterfront property for the University’s Vester Marine Science and Environmental Education Center. The monthly lease payment of $32,000 covers the general operating and maintenance expenses incurred by the Foundation.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

	2020(1)	2019(1)	2018(1)	2017(1)
University's proportion of the total other postemployment benefits liability	0.86%	0.71%	0.60%	0.60%
University's proportionate share of the total other postemployment benefits liability	$ 88,042,902	$ 89,432,262	$ 63,309,000	$ 65,178,000
University's covered-employee payroll	$ 112,595,103	$ 109,150,814	$ 92,402,906	$ 91,940,732
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	78.19%	81.93%	68.51%	70.89%

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

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

	2020 (1)	2019 (1)	2018 (1)	2017 (1)
University's proportion of the FRS net pension liability	0.162436585%	0.150085159%	0.147498178%	0.143582601%
University's proportionate share of the FRS net pension liability	$ 70,402,410	$ 51,687,239	$ 44,427,216	$ 42,470,770
University's covered payroll (2)	$ 108,458,679	$ 96,205,524	$ 90,853,899	$ 87,654,579
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	64.91%	53.73%	48.90%	48.45%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%

(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.

Schedule of University Contributions – Florida Retirement System Pension Plan

	2021 (1)	2020 (1)	2019 (1)	2018 (1)
Contractually required FRS contribution	$ 5,796,617	$ 5,397,048	$ 4,653,723	$ 4,203,580
FRS contributions in relation to the contractually required contribution	(5,796,617)	(5,397,048)	(4,653,723)	(4,203,580)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 106,943,625	$ 108,458,679	$ 96,205,524	$ 90,853,899
FRS contributions as a percentage of covered payroll	5.42%	4.98%	4.84%	4.63%

(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, State university system optional retirement plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.138242676%	0.134955671%	0.120557144%	0.090929688%
$ 34,906,384	$ 17,431,335	$ 7,355,759	$ 15,653,046
$ 83,326,076	$ 78,759,256	$ 71,749,253	$ 67,297,169
41.89%	22.13%	10.25%	23.26%
84.88%	92.00%	96.09%	88.54%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 3,737,809	$ 3,371,268	$ 3,290,334	$ 2,640,713
(3,737,809)	(3,371,268)	(3,290,334)	(2,640,713)
$ -	$ -	$ -	$ -
$ 87,654,579	$ 83,326,076	$ 78,759,256	$ 71,749,253
4.26%	4.05%	4.18%	3.68%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
University's proportion of the HIS net pension liability	0.147562186%	0.134081886%	0.132522781%	0.134383174%
University's proportionate share of the HIS net pension liability	$ 18,017,103	$ 15,002,421	$ 14,026,360	$ 14,368,869
University's covered payroll (2)	$ 50,476,122	$ 44,358,148	$ 42,242,715	$ 42,170,740
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.69%	33.82%	33.20%	34.07%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%

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

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

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required HIS contribution	$ 806,886	$ 850,332	$ 744,544	$ 718,674
HIS contributions in relation to the contractually required HIS contribution	(806,886)	(850,332)	(744,544)	(718,674)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 47,631,531	$ 50,476,122	$ 44,358,148	$ 42,242,715
HIS contributions as a percentage of covered payroll	1.69%	1.68%	1.68%	1.70%

(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.

	2016 (1)	2015 (1)	2014 (1)	2013 (1)
	0.131611257%	0.126328980%	0.116328119%	0.109926339%
	$ 15,338,747	$ 12,883,569	$ 10,876,963	$ 9,570,533
	$ 39,725,141	$ 37,462,263	$ 34,108,299	$ 31,706,972
	38.61%	34.39%	31.89%	30.18%
	0.97%	0.50%	0.99%	1.78%

	2017 (1)	2016 (1)	2015 (1)	2014 (1)
	$ 711,195	$ 674,592	$ 482,908	$ 398,501
	(711,195)	(674,592)	(482,908)	(398,501)
	$ -	$ -	$ -	$ -
	$ 42,170,740	$ 39,725,141	$ 37,462,263	$ 34,108,299
	1.69%	1.70%	1.29%	1.17%

1. Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

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

Changes of Assumptions. In 2020, amounts reported as changes of assumptions resulted from changes to the census data, a change to the discount rate, the effect of the repeal of excise tax that was to be effective in 2022, the use of actual claims information, an update in the trend rate, the consideration of continued health care coverage, and an update to the mortality rate. Refer to Note 8. to the financial statements for further detail.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, and the active member mortality assumption was updated.

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The President of the Senate, the Speaker of the
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Legislative Auditing Committee

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida Gulf Coast University, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 21, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the blended and 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.

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 may exist that have not been identified.

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

Sherrill F. Norman, CPA
Tallahassee, Florida
March 21, 2022