

FLORIDA INTERNATIONAL UNIVERSITY



ANNUAL REPORT
2021 - 2022

BOARD OF TRUSTEES AND PRESIDENT

During the 2021-22 fiscal year, Dr. Kenneth A. Jessell served as Interim President of Florida International University and the following individuals served as Members of the Board of Trustees:

Dean C. Colson, JD, Chair

Rogelio Tovar, Vice Chair

Cesar L. Alvarez, JD

Dr. Jose J. Armas, MD

Carlos A. Duarte, from October 22, 2021 (1)

Donna J. Hrinak

Natasha Lowell

Cristhofer Lugo, from May 9, 2022 (2)

T. Gene Prescott

Dr. Joerg Reinhold, (3)

Chanel T. Rowe, JD

Alexander Rubido, to May 8, 2022 (2)

Marc D. Sarnoff, JD

Carlos Trujillo, JD

Notes: (1) Position remained vacant from July 1, 2021,
through October 21, 2021.

(2) Student Body President.

(3) Faculty Senate Chair.



Tamiami Hall

FLORIDA INTERNATIONAL UNIVERSITY

ANNUAL REPORT 2021-22

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Message from the President



As we begin to wrap up 2022, I want to share with you some of the great things happening at Florida International University (FIU).

It has been a year of excellence and achievement for our university. As a Carnegie R1 (very high research activity) institution, FIU is focused on making an impact where it matters most – student success, research excellence, and upward mobility.

FIU is on the rise – and fast. In September, on the week that we celebrated the 50th anniversary of FIU’s opening, U.S. News & World Report announced that FIU is the fastest-rising institution in the nation among U.S. News & World Report public university rankings in the past 10 years.

FIU is now #72 among public universities in the nation. This represents a six-spot climb in one year. We also are ranked among the Top 5 universities for social mobility, a testament to FIU’s commitment to providing significant upward mobility to our students on a path of success and prosperity. In addition, FIU is among the Top 50 best value public universities and among the Top 15 most innovative public universities.

This year, we also made our debut on the list for best undergraduate teaching. We are ranked #16 among public universities for our strong commitment to teaching undergraduates. Several of our programs also ranked among the best in the nation: International business held onto the #2 spot and computer science and undergraduate engineering moved up four and nine spots, respectively, among public universities.

In addition to our success in U.S. News rankings, FIU recently received two other rankings that speak directly to our mission. Degree Choices has ranked FIU among the Top 25 universities nationally for the economic return on graduates’ investment, along with Princeton, Stanford, and MIT. Washington Monthly College Rankings placed FIU at #32 nationally, recognizing our university’s contribution to the public good in three broad categories – social mobility, research, and providing opportunities for public service.

Our climb in the U.S. News rankings, together with these additional rankings, point to incredible momentum and put FIU among the nation’s most prestigious institutions. This is the very definition of real impact. By focusing on academics, research, and student success, we are elevating our community and the state and creating an extraordinary return on investment for our students.

FIU is a major force in the State of Florida and a leader in research at the national level. None of it would be possible without the passion and hard work of our dedicated faculty and staff, our alumni, and our students. Together, we embody what it means to be a successful 21st century university.

There is still so much to accomplish, so many lives to change. We are excited about FIU’s next 50.

Sincerely,

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

Kenneth A. Jessell



INTRODUCTION FROM THE INTERIM SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER



I am pleased to present the 2021-22 Annual Financial Report for Florida International University. This report provides detailed financial information about FIU and its direct support organizations and faculty group practice plan financial activities, results of operations and financial position as of the fiscal year ended June 30, 2022. The Division of Finance and Administration prides itself on providing financial planning and leadership by strategically allocating financial resources, providing timely reporting of financial information to our decision makers, and assisting in identifying new revenues, opportunities, and partnerships to support our educational mission and strategic goals.

FIU is unwavering in its commitment of maintaining the highest standards in supporting student success, research excellence, and efficient operations. As President Jessell said, “FIU is on the rise and the world is taking note!” There were many highlights to be proud of this year, including:

- FIU is top three in the State University System Performance-Based Funding Model by continuing to strategically invest in student success initiatives that focus on retention and graduation rates, the awarding of strategic degrees, and jobs after graduation.
- Combined with prior year funding, FIU was awarded a total of \$245 million in federal funds from the Higher Education Emergency Relief Fund grant program, of which \$114 million were used to provide much needed financial aid to students along with a large part of institutional funds used towards reimbursement of revenue losses to help stabilize our auxiliaries and other on-campus business operations.
- FIU also completed and exceeded the \$750 million fundraising capital campaign.
- The FIU Foundation also paid off its loan for the Management and Research Center (MARC) building and donated it to the University.
- The success of FIU’s South Beach Wine and Food Festival this year exceeded expectations as far as attendees and surpassed revenue projections and donations to our Chaplin School of Hospitality Management.

The 2021-22 fiscal year did not come without its challenges. The year began under the continued threat of COVID-19, yet the university continued championing efforts for vaccines and boosters to protect our FIU family as well as our South Florida community. Coordinated efforts were focused on navigating the challenges of returning to full on-site campus operations, including implementing flexible remote work policies for staff. Although the effects of the “Great Resignation” were felt university-wide, our faculty and staff showed great resiliency and commitment and selflessly took on additional responsibilities to ensure our ability to deliver excellent services for our students. Some of the financial challenges experienced included a slight decline in student enrollment, which affected tuition revenues, along with the downturn in investments due to major investment market volatility, triggering losses in both the University and FIU Foundation portfolios. In addition, we faced high inflation and the Federal Reserve interest rate increase.

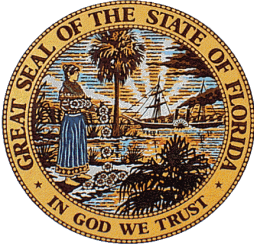
Although the University was juggling many operational shifts, expansion did not stop on campus. FIU kept its construction projects going. An amazing residence hall, Tamiami Hall, as well as an outdoor promenade, was in its final stages and on schedule to open in Fall 2022 with over 670 new beds for our students. Many upgrades to dining and retail locations were completed, and a catering kitchen at FIU Stadium is underway. The university allocated over \$152 million towards capital projects, remodeling and infrastructure improvements that are in various stages of construction, including planning and design to continue investing in our beautiful campuses. There is great excitement around the anticipated completion of several projects, including the second building for the School of International and Public Affairs, the new Engineering building and the Trish and Dan Bell Chapel at MMC, among others.

This financial report will assist in understanding FIU’s financial operations that support the university’s primary mission of educating our students for successful careers and supporting our faculty to produce outstanding research that strives to improve and find solutions to critical issues of our day. FIU will continue its quest to consistently achieve remarkable success academically, strategically, and operationally.

Sincerely,

A handwritten signature in blue ink that reads "Aime Martinez".

Aime Martinez, CPA
Interim Senior Vice President and Chief Financial Officer



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Florida International University and of its aggregate discretely presented component units as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

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

Emphasis of Matter

As discussed in Note 2. to the financial statements, the University adopted new accounting guidance Governmental Accounting Standards Board Statement No. 87, *Leases*, which is a change in accounting principle that addresses accounting and financial reporting for leases. This affects the comparability of amounts reported for the 2021-22 fiscal year with amounts reported for the 2020-21 fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, on our consideration of the Florida International University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Florida International University's internal control over financial reporting and compliance.

Respectfully submitted,

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

Sherrill F. Norman, CPA
Tallahassee, Florida
March 24, 2023
Audit Report No. 2023-168

FLORIDA INTERNATIONAL UNIVERSITY

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

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2022, 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, 2022, and June 30, 2021.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 35, the University's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component units. Based on the application of the criteria for determining component units, the following three component units are included within the University reporting entity as discretely presented component units:

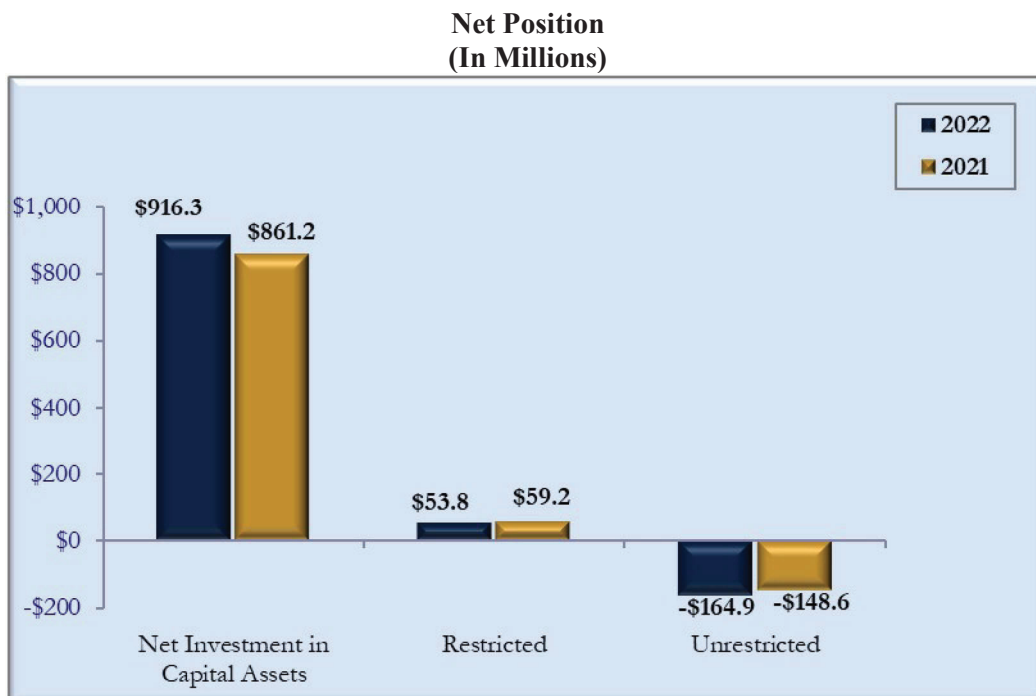
- Florida International University Foundation, Inc. (Foundation)
- FIU Athletics Finance Corporation (Finance Corporation)
- Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (Health Care Network)

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

THE STATEMENT OF NET POSITION

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

The University's comparative total net position by category for the fiscal years ended June 30, 2022, and June 30, 2021, is shown in the following graph:



FLORIDA INTERNATIONAL UNIVERSITY

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

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

Condensed Statement of Net Position at June 30 (In Millions)

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets	\$ 655.0	\$ 681.3
Capital Assets, Net	1,148.3	1,036.5
Other Noncurrent Assets	<u>37.4</u>	<u>55.0</u>
Total Assets	<u>1,840.7</u>	<u>1,772.8</u>
Deferred Outflows of Resources	<u>194.6</u>	<u>249.7</u>
Liabilities		
Current Liabilities	120.2	94.7
Noncurrent Liabilities	<u>799.4</u>	<u>994.7</u>
Total Liabilities	<u>919.6</u>	<u>1,089.4</u>
Deferred Inflows of Resources	<u>310.5</u>	<u>161.3</u>
Net Position		
Net Investment in Capital Assets	916.3	861.2
Restricted	53.8	59.2
Unrestricted	<u>(164.9)</u>	<u>(148.6)</u>
Total Net Position	<u>\$ 805.2</u>	<u>\$ 771.8</u>

As the University navigated through the post-pandemic challenges to return to normal on-site operations during the fiscal year 2022, efforts were focused on stimulating campus activities, promoting student engagement, and advancing overall university operations. Federal grant funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the Higher Education Emergency Relief (HEERF) Act, American Rescue Plan (ARP), and the Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Act, carried over and remained an important revenue source contributing to financial aid resources provided to students, additional funding for lost revenues, and support for other university initiatives consistent with grant use guidelines. Other factors resulting from post pandemic effects, such as supply chain issues, rising costs in operational goods and services, and rescinding of COVID-19 restrictions also impacted the results of financial operations as mentioned in various sections of the MD&A.

Total assets as of June 30, 2022, increased by \$67.9 million, or 3.8 percent. This increase is primarily due to an increase in construction work in progress of \$74.6 million mainly attributed to the construction activity for the Tamiami and SIPA Phase II projects.

Total liabilities as of June 30, 2022, decreased by \$169.8 million, or 15.6 percent. The decrease was driven by a reduction of \$221.2 million in the University's proportionate share of noncurrent pension liabilities which was partially offset by a combined \$35.2 million increase from the current and noncurrent portions of right-to-use lease liability for the implementation of GASB 87, *Leases*, a \$12.3 million increase in current unearned revenues mainly from capital appropriations, and a \$7.2 million increase in accounts payable and accrued liabilities mostly from construction contracts payable.

Deferred outflows of resources decreased by \$55.1 million from activity related to pensions and other postemployment benefits. Deferred inflows of resources increased by \$149.2 million from activity related to pensions, other postemployment benefits and right-to-use leases.

As a result, the University's net position increased by \$33.4 million, or 4.3 percent, resulting in a fiscal year-end balance of \$805.2 million, which includes a deficit in unrestricted net position. This deficit is discussed further in the notes to the financial statements.

FLORIDA INTERNATIONAL UNIVERSITY

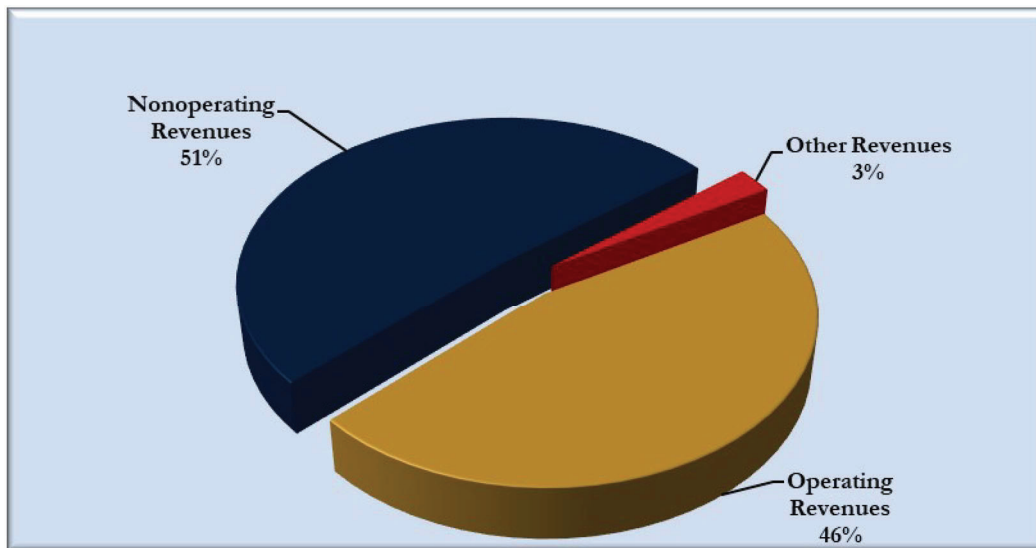
A COMPONENT UNIT OF THE STATE OF FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The following chart provides a graphical presentation of the University revenues by category for the 2021-22 fiscal year:

Total Revenues



The following summarizes the University's activity for the 2021-22 and 2020-21 fiscal years:

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

	<u>2021-22</u>	<u>2020-21</u>
Operating Revenues	\$ 584.6	\$ 527.4
Less, Operating Expenses	<u>1,186.6</u>	<u>1,141.3</u>
Operating Loss	(602.0)	(613.9)
Net Nonoperating Revenues	<u>604.8</u>	<u>649.0</u>
Income Before Other Revenues	2.8	35.1
Other Revenues	<u>30.6</u>	<u>18.1</u>
Net Increase in Net Position	33.4	53.2
Net Position, Beginning of Year	<u>771.8</u>	<u>718.6</u>
Net Position, End of Year	<u><u>\$ 805.2</u></u>	<u><u>\$ 771.8</u></u>

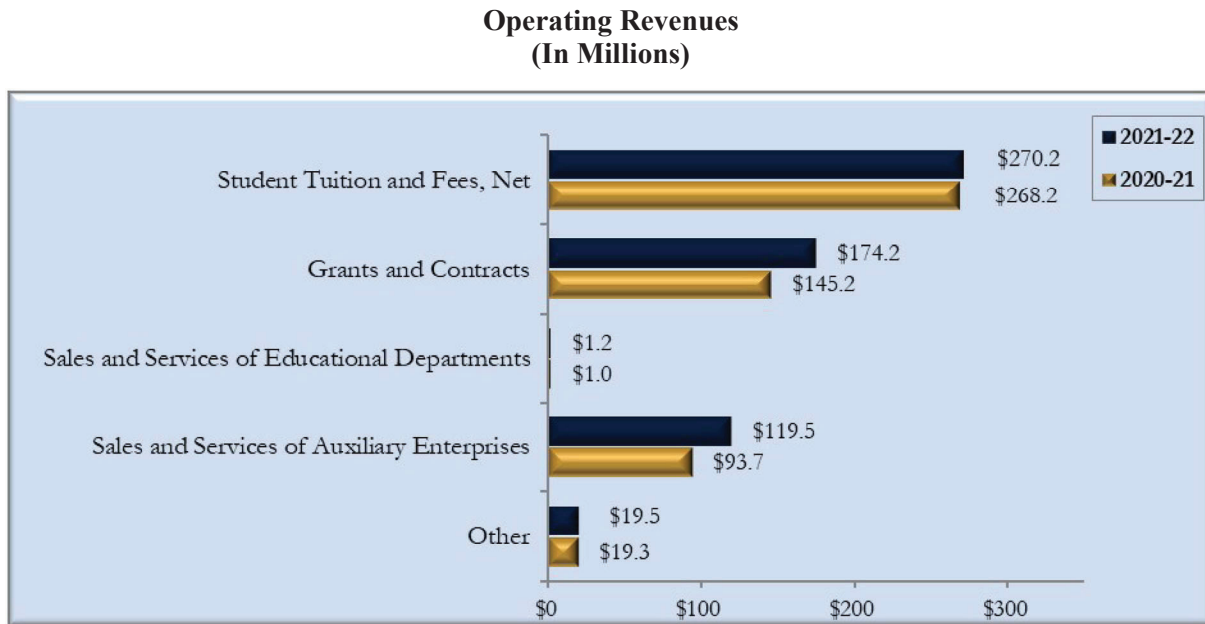
FLORIDA INTERNATIONAL UNIVERSITY

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

Operating Revenues

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

The following chart presents the University's operating revenues for the 2021-22 and 2020-21 fiscal years:



The following summarizes the operating revenues by source that were used to fund operating activities for the 2021-22 and 2020-21 fiscal years:

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

	<u>2021-22</u>	<u>2020-21</u>
Student Tuition and Fees, Net	\$ 270.2	\$ 268.2
Grants and Contracts	174.2	145.2
Sales and Services of Educational Departments	1.2	1.0
Sales and Services of Auxiliary Enterprises	119.5	93.7
Other	19.5	19.3
Total Operating Revenues	<u><u>\$ 584.6</u></u>	<u><u>\$ 527.4</u></u>

The University total operating revenues increased by \$57.2 million, or 10.8 percent, over the 2020-21 fiscal year. Operating revenue changes were the result of the following factors:

- Grants and contracts overall revenue increased \$29.0 million. Higher revenue from grants and contracts was generated mostly by Federal grants related to CARES and HEERF Institutional funding sources as well as our Global Forensic and Justice Center and the research conducted with the National Forensic Science Technology Center (NFSTC).
- Sales and Services of Auxiliary Enterprises increased by \$25.8 million mainly driven by the resumption of Auxiliary activities including, student housing, food services, event ticket sales and athletics conference participation revenues after COVID-19 pandemic restrictions were rescinded.

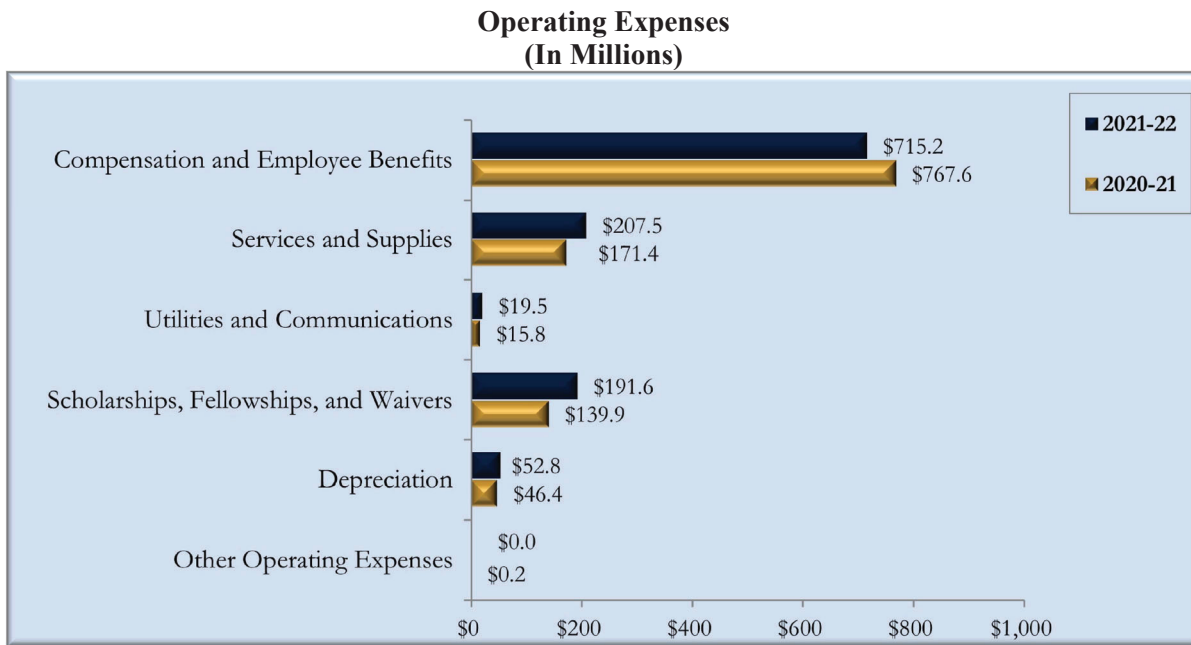
FLORIDA INTERNATIONAL UNIVERSITY

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

Operating Expenses

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

The following chart presents the University's operating expenses for the 2021-22 and 2020-21 fiscal years:



The following summarizes the operating expenses by natural classification for the 2021-22 and 2020-21 fiscal years:

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

	<u>2021-22</u>	<u>2020-21</u>
Compensation and Employee Benefits	\$ 715.2	\$ 767.6
Services and Supplies	207.5	171.4
Utilities and Communications	19.5	15.8
Scholarships, Fellowships, and Waivers	191.6	139.9
Depreciation	52.8	46.4
Other Operating Expenses	<u>-</u>	<u>0.2</u>
Total Operating Expenses	<u><u>\$ 1,186.6</u></u>	<u><u>\$ 1,141.3</u></u>

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

- Compensation and employee benefits decreased \$52.4 million, or 6.8 percent. This decrease primarily resulted from a \$63.5 million reduction in pension expense related to the University's proportionate share from the Florida Retirement System. This decrease was partially offset by a net increase across all other compensation and benefits expenses. Additionally, as the University experienced more than normal staff turnover, employee separation payouts contributed to the offsetting increase.

FLORIDA INTERNATIONAL UNIVERSITY

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

- ▶ Service and supply expenses increased \$36.1 million, or 21.1 percent. The increase is essentially due to the stimulation of campus activities which resulted in higher contractual services expenses of \$15.1 million, increased repairs and maintenance expenses of \$6.2 million from landscaping, arena floor resurfacing and other maintenance projects as more students and staff are back using campus facilities, as well as an upsurge in travel expenses of \$6.9 million as restrictions on travel previously imposed due to COVID-19 were lifted.
- ▶ Scholarship, fellowship, and waiver expenses increased by \$51.7 million, or 37.0 percent, mostly from American Rescue Plan scholarships, Florida Assistance Grants, as well as waivers from the American University of Antigua study abroad program.
- ▶ Depreciation and amortization expense increased by \$6.4 million, or 13.8 percent. This increase was driven by the implementation of GASB 87, *Leases* which required capitalization of right-to-use assets as well as the amortization of those assets.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, noncapital grants, contracts, and gifts, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets.

The following summarizes the University's nonoperating revenues and expenses for the 2021-22 and 2020-21 fiscal years:

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

	<u>2021-22</u>	<u>2020-21</u>
State Noncapital Appropriations	\$ 346.5	\$ 343.0
Federal and State Student Financial Aid	241.9	202.4
Noncapital Grants, Contracts, and Gifts	27.2	24.1
Investment (Loss)/Income	(23.8)	34.1
Other Nonoperating Revenues	31.4	54.3
Loss on Disposal of Capital Assets	(0.5)	(0.7)
Interest on Capital Asset-Related Debt	(7.2)	(5.5)
Other Nonoperating Expenses	<u>(10.7)</u>	<u>(2.7)</u>
Net Nonoperating Revenues	<u>\$ 604.8</u>	<u>\$ 649.0</u>

Net nonoperating revenues decreased by \$44.2 million, or 6.8 percent, from the 2020-21 fiscal year. Net nonoperating revenues changes were due mainly to the following factors:

- ▶ Federal and State student financial aid increased by \$39.5 million, driven by increased funding from the American Rescue Plan which was offset by decreases in CRRSAA and Bright Futures.
- ▶ Investment income decreased by \$57.9 million in large part due to unrealized losses resulting from declining investment performance across all asset classes.
- ▶ Other nonoperating revenue decreased by \$22.9 million essentially driven by a reduction in HEERF funds used for lost revenues for auxiliaries of \$31.7 million which was offset by an increase of \$8.1 million in lost revenue funding used for the discharge of student debts.

FLORIDA INTERNATIONAL UNIVERSITY

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

Other Revenues

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

The following summarizes the University's other revenues for the 2021-22 and 2020-21 fiscal years:

	<u>2021-22</u>	<u>2020-21</u>
State Capital Appropriations	\$ -	\$ 12.0
Capital Grants, Contracts, and Donations	<u>30.6</u>	<u>6.1</u>
Total	<u><u>\$ 30.6</u></u>	<u><u>\$ 18.1</u></u>

Total other revenues increased by \$12.5 million, or 69.1 percent, mostly due to an increase of \$24.5 million in capital grants, contracts, and donations, which includes the donation of the MARC building with a carrying value of \$9.6 million by the Foundation to the University. The increase was partially offset by a decrease of \$12 million in revenue earned from State capital appropriations for construction projects as compared to the 2020-21 fiscal year.

THE STATEMENT OF CASH FLOWS

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

The following summarizes cash flows for the 2021-22 and 2020-21 fiscal years:

	<u>2021-22</u>	<u>2020-21</u>
Cash Provided (Used) by:		
Operating Activities	\$ (532.4)	\$ (542.5)
Noncapital Financing Activities	636.7	621.6
Capital and Related Financing Activities	(100.4)	(17.1)
Investing Activities	<u>4.9</u>	<u>3.6</u>
Net Increase in Cash and Cash Equivalents	8.8	65.6
Cash and Cash Equivalents, Beginning of Year	<u>75.8</u>	<u>10.2</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 84.6</u></u>	<u><u>\$ 75.8</u></u>

FLORIDA INTERNATIONAL UNIVERSITY

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

Major sources of funds came from proceeds from sales and maturities of investments \$1.1 billion, State noncapital appropriations \$346.5 million, net student tuition and fees \$270.4 million, Federal and State student financial aid \$241.9 million, Federal Direct Student Loan program receipts \$222.7 million, grants and contracts \$205.6 million, and sales and services of auxiliary enterprises \$122 million. Major uses of funds were for purchases of investments \$1.1 billion, payments made to and on behalf of employees \$732 million, payments to suppliers \$233.2 million, disbursements to students for Federal Direct Student Loan program \$222.7 million, payments to and on behalf of students for scholarships and fellowships \$191.6 million, and purchases of capital assets \$105.1 million.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the University had \$1.9 billion in capital assets, less accumulated depreciation/amortization of \$780.2 million, for net capital assets of \$1.1 billion. Depreciation for the current fiscal year totaled \$52.8 million. As a result of the implementation of GASB 87, *Leases* during the fiscal year 2021-22 right-to-use space and equipment leases and related amortization were included in capital assets. Additional information about the University's leases are presented in the notes to financial statements.

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

Capital Assets, Net at June 30 (In Millions)

	<u>2022</u>	<u>2021</u>
Land	\$ 32.8	\$ 32.8
Works of Art and Historical Treasures	10.7	9.5
Construction in Progress	248.8	174.2
Buildings	723.1	730.5
Infrastructure and Other Improvements	30.9	27.9
Furniture and Equipment	52.5	43.4
Library Resources	14.5	17.7
Leasehold Improvements	-	0.1
Computer Software	0.5	0.4
Right-to-Use Space Lease	33.2	-
Right-to-Use Equipment Lease	1.3	-
Capital Assets, Net	<u>\$ 1,148.3</u>	<u>\$ 1,036.5</u>

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

FLORIDA INTERNATIONAL UNIVERSITY

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2022, were incurred on the following projects: \$40.8 million for Tamiami Hall, \$19.6 million for SIPA Phase II, \$9.3 million for User Paid Capital Construction projects, \$4.3 million for the World for Tropical Botany.

The University's construction commitments at June 30, 2022, are as follows:

	Amount (In Millions)
Total Committed	\$ 395.1
Completed to Date	<u>(248.8)</u>
Balance Committed	<u>\$ 146.3</u>

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

Debt Administration

As of June 30, 2022, the University had \$232.6 million in outstanding capital improvement debt payable and leases payable, representing an increase of \$27.2 million, or 13.2 percent, from the prior fiscal year.

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

	Long-Term Debt, at June 30 (In Millions)	
	<u>2022</u>	<u>2021</u>
Capital Improvement Debt	\$ 197.4	\$ 205.4
Leases Payable	<u>35.2</u>	<u>-</u>
Total	<u>\$ 232.6</u>	<u>\$ 205.4</u>

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

FLORIDA INTERNATIONAL UNIVERSITY

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Florida's long range economic outlook continues to be positive. Gross domestic product (GDP) increased by 5.2 percent in the fiscal year 2021-22, more than double compared to the fiscal 2020-21, and state economists project growth of about one percent in the fiscal year 2022-23, recovering to two percent in the fiscal year 2023-24. State reserves in the fiscal year 2022-23 are anticipated to be \$17.3 billion, a record high of 41.3 percent of general revenue estimates. Prior year reserves ranged from 10.8 percent to 27.2 percent. Additionally, State economists project the unallocated general reserve (the largest component of the State reserves) will decline slightly by \$185 million to \$13.5 billion in the fiscal year 2023-24 and grow steadily thereafter to \$15.5 billion in the fiscal year 2025-26

FIU received \$245 million under the Higher Education Emergency Relief Fund (HEERF) grant program to offset higher expenses and lost revenues due to the COVID-19 pandemic. The HEERF funds were received under three separate acts: The (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan (ARP) Act. The funding awards were in three areas: Emergency Financial Aid Grants to Students, \$101 million; Institutional funds, \$129 million; and Minority Serving Institutions (MSI) funds, \$15 million. At the end of the fiscal year 2021-22, FIU fully expended the Emergency Financial Aid Grants to Students and Minority Serving Institutions awards and had an unexpended balance of \$36.8 million on the Institutional funds. The Federal government granted FIU a no-cost extension which extended the period of performance of the Institutional funds to June 30, 2023.

The 2022 Florida Legislative session concluded on March 11, 2022, and the Governor approved the fiscal year 2022-23 General Appropriations Act (House Bill 5001) on June 2, 2022. FIU received \$357.9 million in State appropriations in the fiscal year 2022-23 which is an additional \$12.6 million or 3.7 percent over the prior year. The main components of the increase are \$5 million of operational support; \$4.8 million for the newly approved Nursing Education (PIPELINE); \$0.9 million of additional performance funds; \$2 million for Clinical Laboratory Improvement Amendments (CLIA) Laboratory for functional drug testing to individualize cancer treatments; \$0.4 million for behavioral health; \$0.1 million for the Florida Public Hurricane Loss Model; offset by a reduction of \$0.7 million in pass-through funds for risk management insurance premium decreases. FIU also received capital appropriations of \$33.5 million for the Engineering Building Phase II, \$0.5 million for the Nursing Sexual Assault Exam Center; as well as \$6.2 million for various other projects such as the Modesto A. Maidique Campus Aquatic Center, Graham Center expansion, and a recreation field support building. Consistent with prior years, tuition rates are unchanged at all levels. The Legislature expanded the Programs of Strategic Emphasis Tuition and Fee Waiver which now includes Accounting and Finance in the ten Florida Board of Governors approved Programs of Strategic Emphasis. Students seeking a baccalaureate degree in any of the ten programs receive a waiver of 50 percent of tuition and fees. The Legislature appropriated \$31.3 million, an additional \$6.3 million, in incentive funding for the State University System to help cover the cost of this waiver.

FIU has much to celebrate since opening its doors 50 years ago; the commitment to excellence of its students, faculty, staff, and stakeholders has resulted in FIU being the fastest-rising U.S. public university, jumping 62 spots to number 72 in the past ten years, and ranked in the top three of the State University System Board of Governors performance metrics for the past two years. Forbes magazine recently wrote about the ranking compiled by Degree Choices, which uses government data to calculate the economic return on graduates' investment in their college education. FIU took the number 23 spot among all U.S. universities for the short time graduates need - just 13 months - to recoup their financial investment. The university's steep upward trajectory in its short 50-year history reflects an unstoppable spirit that fuels its forward movement.

REQUESTS FOR INFORMATION

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

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

STATEMENT OF NET POSITION

AS OF JUNE 30, 2022

	<u>University</u>	<u>Component Units</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 80,607,279	\$ 24,174,948
Investments	412,800,463	1,043,638
Accounts Receivable, Net	62,511,763	13,391,498
Loans and Notes Receivable, Net	159,933	-
Leases Receivable	454,452	575,188
Due from State	84,999,232	-
Due from Component Units/University	8,238,490	1,699,901
Inventories	654,021	-
Other Current Assets	4,537,688	1,892,402
Total Current Assets	<u>654,963,321</u>	<u>42,777,575</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	3,975,186	-
Restricted Investments	30,250,841	378,797,887
Loans and Notes Receivable, Net	698,591	8,433,932
Leases Receivable	1,611,713	4,896,885
Depreciable/Amortizable Capital Assets, Net	855,950,866	4,388,175
Nondepreciable Capital Assets	292,393,601	3,470,084
Due from Component Units	852,241	-
Other Noncurrent Assets	-	12,932,158
Total Noncurrent Assets	<u>1,185,733,039</u>	<u>412,919,121</u>
Total Assets	<u>1,840,696,360</u>	<u>455,696,696</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	107,582,964	-
Pensions	87,062,001	-
Accumulated Decrease in Fair Value of Hedging Derivatives	-	489,040
Deferred Amount on Bond Debt Refundings	-	161,435
Total Deferred Outflows of Resources	<u>194,644,965</u>	<u>650,475</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	30,150,329	2,323,322
Construction Contracts Payable	12,674,998	-
Salaries and Wages Payable	23,635,013	-
Deposits Payable	5,262,698	-
Due to State	216,427	-
Due to Component Units/University	1,968,306	8,238,489
Unearned Revenue	20,876,344	799,773
Other Current Liabilities	901,221	176,286
Long-Term Liabilities - Current Portion		
Bonds Payable	-	1,645,000
Capital Improvement Debt Payable	7,931,789	-
Leases Payable	5,408,614	-
Compensated Absences Payable	4,434,271	-
Liability for Self-Insured Claims	105,949	-
Other Postemployment Benefits Payable	6,386,901	-
Net Pension Liability	328,042	-
Total Current Liabilities	<u>120,280,902</u>	<u>13,182,870</u>

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

STATEMENT OF NET POSITION (CONTINUED)

AS OF JUNE 30, 2022

	<u>University</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	-	21,090,000
Capital Improvement Debt Payable	189,498,427	-
Leases Payable	29,754,059	-
Compensated Absences Payable	52,103,650	-
Due to University	-	852,241
Other Postemployment Benefits Payable	351,800,212	-
Unearned Revenue	63,063,318	-
Liability for Self-Insured Claims	121,106	-
Other Long-Term Liabilities	964,649	2,025,673
Net Pension Liability	112,081,596	-
Total Noncurrent Liabilities	<u>799,387,017</u>	<u>23,967,914</u>
Total Liabilities	<u>919,667,919</u>	<u>37,150,784</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	138,762,741	-
Pensions	169,672,501	-
Leases	2,036,495	5,403,256
Total Deferred Inflows of Resources	<u>310,471,737</u>	<u>5,403,256</u>
NET POSITION		
Net Investment in Capital Assets	916,268,216	7,372,204
Restricted for Nonexpendable:		
Endowment	-	198,540,065
Restricted for Expendable:		
Debt Service	20,053	-
Loans	1,665,950	-
Capital Projects	33,583,293	-
Other	18,582,085	145,013,261
Unrestricted	(164,917,928)	62,867,601
TOTAL NET POSITION	<u>\$ 805,201,669</u>	<u>\$ 413,793,131</u>

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

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>University</u>	<u>Component Units</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$196,224,665	\$ 270,215,035	\$ -
Federal Grants and Contracts	144,381,153	-
State and Local Grants and Contracts	10,804,363	-
Nongovernmental Grants and Contracts	19,018,653	-
Sales and Services of Educational Departments	1,202,865	-
Sales and Services of Auxiliary Enterprises	119,528,876	-
Sales and Services of Component Units	-	9,066,859
Gifts and Donations	-	26,010,190
Other Operating Revenues	19,453,334	10,974,269
Total Operating Revenues	<u>584,604,279</u>	<u>46,051,318</u>
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	715,211,580	-
Services and Supplies	207,521,510	71,408,629
Utilities and Communications	19,400,473	416,485
Scholarships, Fellowships, and Waivers	191,627,285	-
Depreciation	52,833,498	743,504
Self-Insurance Claims	43,518	-
Total Operating Expenses	<u>1,186,637,864</u>	<u>72,568,618</u>
Operating Loss	<u>(602,033,585)</u>	<u>(26,517,300)</u>
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	346,526,109	-
Federal and State Student Financial Aid	241,860,314	-
Noncapital Grants, Contracts, and Gifts	27,224,659	-
Investment Loss	(23,804,574)	(25,448,163)
Other Nonoperating Revenues	31,354,154	14,950,318
Loss on Disposal of Capital Assets	(454,410)	-
Interest on Capital Asset-Related Debt	(7,243,163)	(987,474)
Other Nonoperating Expenses	(10,676,567)	(3,292,098)
Net Nonoperating Revenues/(Loss)	<u>604,786,522</u>	<u>(14,777,417)</u>
Income/(Loss) Before Other Revenues	2,752,937	(41,294,717)
Capital Grants, Contracts, and Donations	30,695,848	-
Other Expenses	-	(12,170,696)
Increase/(Decrease) in Net Position	33,448,785	(53,465,413)
Net Position, Beginning of Year	771,752,884	467,258,544
Net Position, End of Year	<u>\$ 805,201,669</u>	<u>\$ 413,793,131</u>

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

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>University</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 270,367,775
Grants and Contracts	205,572,085
Sales and Services of Educational Departments	1,202,865
Sales and Services of Auxiliary Enterprises	121,985,100
Interest on Loans and Notes Receivable	(364,624)
Payments to Employees	(732,048,676)
Payments to Suppliers for Goods and Services	(233,156,111)
Payments to Students for Scholarships and Fellowships	(191,627,285)
Payments on Self-Insured Claims	(42,320)
Loans Issued to Students	(1,607,933)
Collection on Loans to Students	2,756,528
Other Operating Receipts	24,543,585
Net Cash Used by Operating Activities	<u>(532,419,011)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	346,526,109
Federal and State Student Financial Aid	241,860,314
Noncapital Grants, Contracts, and Gifts	30,161,767
Federal Direct Loan Program Receipts	222,720,445
Federal Direct Loan Program Disbursements	(222,727,487)
Net Change in Funds Held for Others	87,956
Other Nonoperating Receipts	29,315,121
Other Nonoperating Disbursements	(11,175,730)
Net Cash Provided by Noncapital Financing Activities	<u>636,768,495</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	2,610,428
Capital Grants, Contracts, and Donations	20,192,668
Other Receipts for Capital Projects	1,484,370
Capital Subsidies and Transfers	47,058
Purchase or Construction of Capital Assets	(105,090,344)
Principal Paid on Capital Debt and Leases	(12,051,312)
Interest Paid on Capital Debt and Leases	(8,135,910)
Principal Received on Capital Debt and Leases	451,907
Interest Received on Capital Debt and Leases	73,085
Net Cash Used by Capital and Related Financing Activities	<u>(100,418,050)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,056,678,177
Purchase of Investments	(1,058,702,200)
Investment Income	6,885,347
Net Cash Provided by Investing Activities	<u>4,861,324</u>
Net Increase in Cash and Cash Equivalents	8,792,758
Cash and Cash Equivalents, Beginning of Year	75,789,707
Cash and Cash Equivalents, End of Year	<u>\$ 84,582,465</u>

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>University</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (602,033,585)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	52,833,498
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	33,451,633
Inventories	(171,959)
Other Assets	(1,646,787)
Accounts Payable	(3,587,756)
Salaries and Wages Payable	(1,572,611)
Deposits Payable	2,916,473
Compensated Absences Payable	(1,555,601)
Other Postemployment Benefits Payable	5,623,136
Unearned Revenue	2,655,370
Liability for Self-Insured Claims	1,197
Pension Liability	(221,545,014)
Deferred Outflows of Resources Related to Other Postemployment Benefits	20,278,107
Deferred Outflows of Resources Related to Pensions	34,773,712
Deferred Inflows of Resources Related to Other Postemployment Benefits	(16,035,561)
Deferred Inflows of Resources Related to Pensions	<u>163,196,737</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (532,419,011)</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized losses on investments were 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.	<u>\$ (30,773,616)</u>
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	<u>\$ (454,410)</u>
Donations of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	<u>\$ 10,718,181</u>

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

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Discretely Presented Component Units

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

These organizations and their purposes are explained as follows:

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

The financial activities of the Florida International University Research Foundation, Inc. (Research Foundation) are not included in the University's financial statements. The purpose of the Research Foundation includes the promotion and encouragement of, and assistance to, the research and training activities of faculty, staff, and students of the University. It receives income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products. The total assets and operating revenues related to the Research Foundation are \$365,383 and \$27, respectively. The amounts represent less than one percent of the total aggregate component units' assets and operating revenues.

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

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Basis of Presentation

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by the Federal Deposit Insurance Corporation (FDIC), up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

Concentration of Credit Risk – Component Units

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

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

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

Capital Assets

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

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

Depreciable assets of the Foundation are stated at cost and are net of accumulated depreciation of \$2,059,244. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to 40 years.

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

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Depreciable assets of the Health Care Network are stated at cost and are net of accumulated depreciation of \$525,437. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to 15 years.

Leases

The University implemented GASB 87, *Leases* during the fiscal year 2021-22. Accordingly, the University determines if an arrangement is a lease at inception.

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

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

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

Noncurrent Liabilities

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

Pensions

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

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2. NEWLY IMPLEMENTED ACCOUNTING STANDARDS

The University and its discretely presented component units implemented GASB Statement No. 87, *Leases*, which seeks to improve the accounting and reporting for leases, by requiring the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, while the lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement substantially impacts the University's lease accounting and reporting. Previously, operating lessee leases were recorded as operating expenses and operating lessor leases as operating revenue in the statement of revenue, expenses and changes in net position. Refer to the related footnotes for discussion of the underlying lease agreements.

3. DEFICIT NET POSITION IN INDIVIDUAL FUNDS

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

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (528,555,671)
Auxiliary Funds	<u>363,637,743</u>
Total	<u><u>\$ (164,917,928)</u></u>

As shown in the following schedule, this deficit can be attributed to the full recognition of long-term liabilities (i.e., compensated absences payable, OPEB payable, and net pension liabilities) in the current unrestricted funds that are expected to be paid over time and financed by future appropriations:

	<u>Amount</u>
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources	\$ 468,681,102
Amount Expected to be Financed in Future Years:	
Compensated Absences Payable	\$ 49,212,002
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	389,366,890
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	<u>195,020,138</u>
Total Amount Expected to be Financed in Future Years	<u>(633,599,030)</u>
Total Unrestricted Net Position	<u><u>\$ (164,917,928)</u></u>

4. INVESTMENTS

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

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

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

The University's recurring fair value measurements as of June 30, 2022 for SBA debt service accounts, certain corporate equities and certain fixed income and bond mutual funds are valued using quoted market prices (Level 1 inputs), certain corporate equities and certain fixed income and bonds, and commodities which are valued using a matrix pricing model (Level 2 inputs), investments with the State Treasury which are valued based on the University's share of the pool, investments in bank loans (fixed income), and other investments (Level 3 inputs), and investments in limited partnerships and private equities which are valued based on net asset value (NAV). The University's investment in money market funds are reported at amortized cost of \$76,424,622 according to GASB Statement No. 72.

The University's investments at June 30, 2022, are reported at fair value, as follows:

<u>Investments by Fair Value Level</u>	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External Investment Pool				
State Treasury Special Purpose Investment Account	\$ 30,933,684	\$ -	\$ -	\$ 30,933,684
SBA Debt Service Accounts	20,041	20,041	-	-
Mutual Funds				
Equities	31,939,671	13,245,485	18,694,186	-
Fixed Income and Bond Mutual Funds	218,138,666	84,286,395	119,013,102	14,839,169
Commodities	18,328,677	-	18,328,677	-
Other Investments	11,215,536	-	-	11,215,536
Total Investments by Fair Value Level	<u>310,576,275</u>	<u>\$ 97,551,921</u>	<u>\$ 156,035,965</u>	<u>\$ 56,988,389</u>
Investments Measured at the Net Asset Value (NAV)				
Mutual Funds				
Limited Partnerships	44,171,258			
Equities	11,879,149			
Total Investments Measured at the NAV	<u>56,050,407</u>			
Total Investments Measured at Fair Value	<u>\$ 366,626,682</u>			

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

<u>Investments Measured at the NAV</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Mutual Funds				
Limited Partnerships	\$ 44,171,258	\$ -	Quarterly/Annually	90 Days
Equities	11,879,149	2,926,642	Illiquid	N/A
Total Investments Measured at the NAV	<u>\$ 56,050,407</u>			

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

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

External Investment Pools

The University reported investments at fair value totaling \$30,933,684 at June 30, 2022, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities (Level 3 inputs).

Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.66 years and fair value factor of 0.9479 at June 30, 2022. 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 Comprehensive Annual Financial Report.

State Board of Administration Debt Service Accounts

The University reported investments totaling \$20,041 at June 30, 2022, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Fixed Income and Bond Mutual Funds

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

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

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The future maturities of the securities held in the fixed income and bond mutual funds at June 30, 2022, are as follows:

University Debt Investment Maturities

Type of Investment	Investment Maturities (In Years)				
	Fair Market Value	Less Than 1	1-5	6-10	More Than 10
Short Term Bond Fund	\$ 46,136,530	\$ 7,482,610	\$ 38,653,920	\$ -	\$ -
Bond Index Fund	38,149,865	172,517	14,949,007	12,496,087	10,532,254
TIPS Index Fund	50,645,744	20,258	24,841,737	18,556,601	7,227,148
Core Fixed Income	37,574,719	1,952,840	12,202,444	16,849,750	6,569,685
Credit Fixed Income	30,464,800	2,127,285	9,535,929	9,530,054	9,271,532
Student Managed Investment Fund	327,839	12,858	146,805	132,926	35,250
Secured Bank Loans	14,839,169	195,877	7,032,282	7,608,042	2,968
Total	\$ 218,138,666	\$ 11,964,245	\$ 107,362,124	\$ 65,173,460	\$ 33,638,837

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2022, the securities held in the fixed income and bond mutual funds had credit quality ratings by a nationally-recognized rating agency (i.e., Standard & Poor's or Moody's), as follows:

University Debt Investment Credit Quality Ratings

Type of Investment	Fair Value	AAA / Aaa	AA / Aa	A	BBB / Baa to Not Rated
Short Term Bond Fund	\$ 46,136,530	\$ 18,883,708	\$ 5,162,061	\$ 7,883,057	\$ 14,207,704
Bond Index Fund	38,149,865	26,802,511	1,510,832	4,416,752	5,419,770
TIPS Index Fund	50,645,744	50,645,744	-	-	-
Core Fixed Income	37,574,719	24,419,819	824,943	2,601,745	9,728,212
Credit Fixed Income	30,464,800	1,651,014	2,961,250	10,243,927	15,608,609
Student Managed Investment Fund	327,839	171,902	-	107,009	48,928
Secured Bank Loans	14,839,169	-	-	-	14,839,169
Total	\$ 218,138,666	\$ 122,574,698	\$ 10,459,086	\$ 25,252,490	\$ 59,852,392

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

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Discretely Presented Component Unit Investments

The Foundation's investments at June 30, 2022, are reported at fair value as follows:

<u>Investments by Fair Value Level</u>	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Domestic Equities	\$ 150,209,610	\$ 150,209,610	\$ -	\$ -
Global Equities	98,864,397	98,864,397	-	-
Fixed Income	19,143,686	19,143,686	-	-
Real Assets	12,475,993	12,475,993	-	-
Land Held for Investments	15,340,150	-	-	15,340,150
Total Investments by Fair Value Level	\$ 296,033,836	\$ 280,693,686	\$ -	\$ 15,340,150
Investments Measured at the Net Asset Value (NAV)				
Fixed Income	1,200			
Hedge Funds	10,973,854			
Private Investments	79,246,236			
Total Investments Measured at the NAV	90,221,290			
Fiduciary Fund Equity Interest	(11,215,537)			
Total Investments Measured at Fair Value	\$ 375,039,589			

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

<u>Investments Measured at the NAV</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Fixed Income:				
Global Bonds	\$ 1,200	\$ -	Monthly	10 Days
Hedge Funds:				
Long/Short Equity	10,798,100		Monthly - Every 3 Years	60 - 90 Days
Event Driven/Open Mandate	175,754		Quarterly	90 Days
Private Investments:				
Private Equity	52,286,682	80,458,832	Illiquid	N/A
Venture Capital	26,959,554	1,305,000	Illiquid	N/A
Total Investments Measured at the NAV	\$ 90,221,290	\$ 81,763,832		

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Net Asset Value

The investments held at net asset value reflect:

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

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

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

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

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2022, the Foundation securities held in domestic fixed income were rated A+ by Standard and Poor's.

At June 30, 2022, the Finance Corporation money market mutual fund investments were rated AAAM by Standard and Poor's.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the investments in a single issuer. The Foundation maintains certain investment accounts with financial institutions which are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation, subject to various limitations. At June 30, 2022, approximately \$375,039,589 was held in these accounts. The Foundation believes that the number, diversity, and financial strength of the issuers mitigates the credit risks associated with all investments.

The Finance Corporation also maintains investment accounts with financial institutions that are not insured by the FDIC. These investments are made in accordance with the trust indenture. Money market fund shares are not guaranteed by the Federal government. Investments are reported at amortized cost of \$3,826,705 at June 30, 2022, which is generally the equivalent of fair value. The Finance Corporation believes that the number, diversity, and financial strength of the issuers mitigate the credit risks associated with all investments.

All of the Finance Corporation's investments at June 30, 2022, are held with Regions Trust Morgan Keegan and are invested in money market funds. According to the bond indenture, the Finance Corporation can invest the bond proceeds in these investment vehicles; there are no stated limitations on the amount that can be invested in any one issuer. The short-term nature of the investments is due to liquidity needs, since those funds are being used for operating expenses and debt service payments.

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Interest Rate Risk: Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. A portfolio's weighted average days to maturity (WAM) reflects the average maturity in days based on the final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the fund to interest rate changes. A portfolio's weighted average life (WAL) calculation is based on a security's stated final maturity date or, when relevant, the date of the next demand feature when the fund may receive payment of principal and interest. WAL reflects how a portfolio would react to deteriorating credit or tightening liquidity conditions. The Finance Corporation's money market mutual fund's WAM at June 30, 2022, is 22 days while the WAL is 47 days.

The HCN reported investments at fair value totaling \$975,231 at June 30, 2022, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities (Level 3 inputs).

5. RECEIVABLES

Accounts Receivable

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

As of June 30, 2022, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 21,757,283
Contracts and Grants	40,163,291
Other	591,189
Total Accounts Receivable, Net	\$ 62,511,763

Loans and Notes Receivable

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

Allowance for Doubtful Receivables

Allowances for doubtful accounts, and loans and notes receivable are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable, and loans and notes receivable are reported net of allowances of \$9,804,664 and \$457,837, respectively, at June 30, 2022.

Leases Receivable

The University leases space in various buildings to external parties. The University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease or using the University's incremental borrowing rate. Variable payments such as common area maintenance are excluded unless they are fixed in substance. During the fiscal year ended June 30, 2022 the University recognized lease revenue of \$481,577.

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 454,452	\$ 60,079	\$ 514,531
2024	349,519	48,247	397,766
2025	210,713	39,198	249,911
2026	186,176	33,052	219,228
2027	195,846	26,734	222,580
2028 - 2032	652,919	60,745	713,664
2033	16,540	170	16,710
Total	<u>\$ 2,066,165</u>	<u>\$ 268,225</u>	<u>\$ 2,334,390</u>

Discretely Presented Component Unit Lease Receivables

The University and HCN are parties to a space leasing agreement for the Ambulatory Care Center with a term of 40 years, expiring in October 2035. For the years ended June 30, 2022, rent expense under this agreement amounted to \$1 per year.

Furthermore, certain space within this facility was subleased. The HCN recognized lease revenue of \$419,644, interest revenue of \$188,449, and common area maintenance income of \$177,652, for a total \$785,745 of lease-related revenue for the year ended June 30, 2022. This sublease runs through 2035, and has an option to renew for an additional 10-year period. Future minimum rentals will be increased by the Bureau Labor Statistics Consumer Price Index ("CPI") on an annual basis.

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Common Area Maintenance</u>	<u>Total</u>
2023	\$ 325,161	\$ 177,552	\$ 177,652	\$ 680,365
2024	336,948	165,730	177,652	680,330
2025	349,162	153,480	177,652	680,294
2026	361,819	140,786	177,652	680,257
2027	374,934	127,631	177,652	680,217
2028 - 2032	2,088,657	423,533	888,260	3,400,450
2033 - 2035	1,317,507	63,696	488,543	1,869,746
Total	<u>\$ 5,154,188</u>	<u>\$ 1,252,408</u>	<u>\$ 2,265,063</u>	<u>\$ 8,671,659</u>

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6. DUE FROM STATE

The amount due from State consists of \$19,417,223 of Public Education Capital Outlay, \$30,118,445 of Capital Improvement Fee Trust Fund, and \$35,463,564 General Revenues allocation for construction of University facilities.

7. DUE FROM AND TO COMPONENT UNITS/UNIVERSITY

The University's financial statements are reported for the fiscal year ended June 30, 2022. One component unit is not presented (see Note 1). Additionally, component units' due from and due to amounts include receivables and payables between the various component units. Accordingly, amounts reported by the University as due from and to component units on the statement of net position do not agree with amounts reported by the component units as due from and to the University.

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8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 32,818,854	\$ -	\$ -	\$ 32,818,854
Works of Art and Historical Treasures	9,518,358	1,304,703	75,000	10,748,061
Construction in Progress	174,239,612	95,120,477	20,533,403	248,826,686
Total Nondepreciable Capital Assets	\$ 216,576,824	\$ 96,425,180	\$ 20,608,403	\$ 292,393,601
Depreciable Capital Assets:				
Buildings	\$ 1,200,486,315	\$ 20,924,966	\$ -	\$ 1,221,411,281
Infrastructure and Other Improvements	52,995,533	5,776,432	-	58,771,965
Furniture and Equipment	163,426,712	21,308,678	6,065,743	178,669,647
Library Resources	132,011,884	707,243	3,878	132,715,249
Leasehold Improvements	752,567	-	-	752,567
Computer Software	3,601,057	317,516	236,075	3,682,498
Amortizable Capital Assets				
Right-to-Use Space Lease (1)	-	38,345,217	-	38,345,217
Right-to-Use Equipment Lease (1)	-	1,828,768	-	1,828,768
Total Depreciable/Amortizable Capital Assets	1,553,274,068	89,208,820	6,305,696	1,636,177,192
Less, Accumulated Depreciation:				
Buildings	469,941,533	28,360,501	-	498,302,034
Infrastructure and Other Improvements	25,132,918	2,790,743	-	27,923,661
Furniture and Equipment	119,993,620	11,941,224	5,780,564	126,154,280
Library Resources	114,332,316	3,908,153	3,878	118,236,591
Leasehold Improvements	714,113	38,454	-	752,567
Computer Software	3,204,614	138,566	141,844	3,201,336
Less, Accumulated Amortization				
Right-to-Use Space Lease (1)	-	5,133,352	-	5,133,352
Right-to-Use Equipment Lease (1)	-	522,505	-	522,505
Total Accumulated Depreciation/Amortization	733,319,114	52,833,498	5,926,286	780,226,326
Total Depreciable/Amortizable Capital Assets, Net	\$ 819,954,954	\$ 36,375,322	\$ 379,410	\$ 855,950,866

(1) Right-to-Use Lease Assets were added due to the implementation of GASB Statement No. 87, *Leases*. Beginning balance was not restated.

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9. CURRENT UNEARNED REVENUE

Unearned revenue includes Public Education Capital Outlay appropriations for which the University had not yet received approval from the Florida Department of Education, as of June 30, 2022, to spend the funds.

Unearned revenue at June 30, 2022 includes contracts and grant payments received in advance, nonrefundable admission fees, prepaid stadium rental income received from the Finance Corporation, reservation system fees received prior to fiscal year-end related to subsequent accounting periods, land use fees, and athletic revenues.

As of June 30, 2022, the University reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
State Capital Appropriations	\$ 9,805,283
Contracts and Grants	8,088,673
Admission Fees	1,473,294
Stadium Rental Income	1,304,083
Reservation System Fees	148,982
Land Use Fees	52,381
Athletic Revenues	3,648
Total Current Unearned Revenue	<u><u>\$ 20,876,344</u></u>

10. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2022, include capital improvement debt payable, leases payable, compensated absences payable, other postemployment benefits payable, the long-term portion of unearned revenue, liability for self-insured claims, net pension liability, and other long-term liabilities.

Long-term liabilities activity for the fiscal year ended June 30, 2022, is shown below:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Capital Improvement Debt Payable	\$ 205,362,962	\$ -	\$ 7,932,746	\$ 197,430,216	\$ 7,931,789
Leases Payable (1)	-	40,173,986	5,011,313	35,162,673	5,408,614
Compensated Absences Payable	58,093,522	3,749,252	5,304,853	56,537,921	4,434,271
Other Postemployment Benefits Payable	352,563,977	272,978,129	267,354,993	358,187,113	6,386,901
Unearned Revenue	61,624,106	2,795,676	1,356,464	63,063,318	-
Liability for Self-Insured Claims	225,857	45,039	43,841	227,055	105,949
Net Pension Liability	333,954,652	69,978,450	291,523,464	112,409,638	328,042
Other Long-Term Liabilities	1,684,749	-	720,100	964,649	-
Total Long-Term Liabilities	<u><u>\$1,013,509,825</u></u>	<u><u>\$ 389,720,532</u></u>	<u><u>\$ 579,247,774</u></u>	<u><u>\$ 823,982,583</u></u>	<u><u>\$ 24,595,566</u></u>

(1) Right-to-Use Leases Payable were added due to the implementation of GASB Statement No. 87, *Leases*. Beginning balance was not restated.

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Capital Improvement Debt Payable

The University had the following capital improvement debt payable outstanding at June 30, 2022:

<u>Capital Improvement Debt Type and Series</u>	<u>Amount of Original Debt</u>	<u>Amount Outstanding (1)</u>	<u>Interest Rates (Percent)</u>	<u>Maturity Date To</u>
Student Housing Debt:				
2015A Student Apartments Refunding	\$ 29,105,000	\$ 20,022,361	3.00 - 5.00	2034
2020A Student Apartments	71,800,000	79,765,439	3.00 - 5.00	2050
2021A Student Apartments Refunding	<u>46,365,000</u>	<u>49,527,877</u>	2.00 - 5.00	2041
Total Student Housing Debt	<u>147,270,000</u>	<u>149,315,677</u>		
Parking Garage Debt:				
2013A Parking Garage	33,500,000	27,757,677	3.50 - 5.25	2043
2019A Parking Garage Refunding	<u>19,805,000</u>	<u>20,356,862</u>	4.00 - 5.00	2039
Total Parking Garage Debt	<u>53,305,000</u>	<u>48,114,539</u>		
Total Capital Improvement Debt	<u>\$ 200,575,000</u>	<u>\$ 197,430,216</u>		

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

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and an assessed transportation fee per student to repay \$200,575,000 of capital improvement (housing and parking) revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct parking garages and student housing facilities. The bonds are payable solely from housing rental income, parking fees, and assessed transportation fees per student and are payable through 2050. The University has committed to appropriate each year from the housing rental income, parking fees, and assessed transportation fees per student amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$260,510,381, and principal and interest paid for the current year totaled \$14,336,131. During the 2021-22 fiscal year, housing rental income totaled \$25,738,675, and parking fees totaled \$14,125,892, comprised of traffic and parking fees totaling \$3,620,948, and assessed transportation fees totaling \$10,504,944.

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Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 7,145,000	\$ 6,944,131	\$ 14,089,131
2024	7,465,000	6,625,581	14,090,581
2025	7,885,000	6,260,831	14,145,831
2026	7,460,000	5,875,381	13,335,381
2027	7,795,000	5,541,632	13,336,632
2028-2032	38,750,000	22,463,150	61,213,150
2033-2037	39,420,000	14,391,725	53,811,725
2038-2042	34,965,000	7,949,900	42,914,900
2043-2047	18,510,000	3,279,850	21,789,850
2048-2050	11,110,000	673,200	11,783,200
Subtotal	180,505,000	80,005,381	260,510,381
Net Premiums and Losses on Bond Refundings	16,925,216	-	16,925,216
Total	\$ 197,430,216	\$ 80,005,381	\$ 277,435,597

Leases Payable

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

Future minimum lease payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 5,408,614	\$ 1,087,971	\$ 6,496,585
2024	5,369,184	932,092	6,301,276
2025	3,612,660	799,741	4,412,401
2026	3,421,616	691,797	4,113,413
2027	2,313,962	591,592	2,905,554
2028 - 2032	5,208,803	2,344,819	7,553,622
2033 - 2037	6,849,125	1,227,148	8,076,273
2038 - 2040	2,978,709	114,816	3,093,525
Total	\$ 35,162,673	\$ 7,789,976	\$ 42,952,649

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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, 2022, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$56,537,921. The current portion of the compensated absences liability, \$4,434,271, is the amount expected to be paid in the coming fiscal year, and represents a historical percentage of leave used applied to the total accrued leave liability.

Other Postemployment Benefits Payable

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

General Information about the OPEB Plan

Plan Description. The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan administered by the State of Florida. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for the funding of the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

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

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of \$358,187,113 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. At June 30, 2021, the University's proportionate share, determined by its proportion of total benefit payments made, was 3.40 percent, which was a decrease of 0.03 percent from its proportionate share measured as of June 30, 2020.

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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	2.18 percent
Healthcare Cost Trend Rates	
PPO Plan	7.95 percent for 2022, decreasing to an ultimate rate of 4.04 percent for 2075 and years later for all employees in the Preferred Provider Option (PPO) Plan.
HMO Plan	6.02 percent for 2022, decreasing to an ultimate rate of 4.04 percent for 2075 and years later for all employees in the Health Maintenance Organization (HMO) Plan.
Retirees' Share of Benefit-related Costs	100 percent of projected health insurance premiums for retirees

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

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

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

The following changes have been made since the prior valuation:

- ▶ The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB 75. The discount rate decreased from 2.66 percent to 2.18 percent.
- ▶ The retirement, withdrawal, disability, and salary scale rates were updated based on those used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2019, with certain adjustments made to reflect the difference in the underlying populations. The impact of these changes resulted in a decrease in OPEB liabilities of about seven percent for retirement; and increases of approximately three percent, 0.5 percent, and 0.2 percent for withdrawal, disability and salary scale, respectively.
- ▶ The overall participation rate for actively employed participants currently covered by health coverage to continue their current health coverage into retirement rate is 47 percent. For those actively employed participants not currently covered under the health plan, 3.7 percent are assumed to elect medical coverage in retirement. The resulting overall participation rate decreased to 43 percent from 50 percent. This change resulted in an eight percent 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 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 (1.18 percent) or 1 percentage point higher (3.18 percent) than the current rate:

	<u>1% Decrease</u> <u>(1.18%)</u>	<u>Current Discount</u> <u>Rate (2.18%)</u>	<u>1% Increase</u> <u>(3.18%)</u>
University's proportionate share of the total OPEB liability	\$ 452,118,483	\$ 358,187,113	\$ 287,648,533

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
University's proportionate share of the total OPEB liability	\$ 275,356,562	\$ 358,187,113	\$ 474,590,750

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

For the fiscal year ended June 30, 2022, the University recognized OPEB expense of \$16,252,583. At June 30, 2022, the University reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 17,025,286
Changes of assumptions or other inputs	38,523,126	118,626,956
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	62,672,937	3,110,499
Transactions subsequent to the measurement date	<u>6,386,901</u>	<u>-</u>
Total	<u>\$ 107,582,964</u>	<u>\$ 138,762,741</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$6,386,901 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ (10,331,279)
2024	(10,331,279)
2025	(10,331,282)
2026	(3,345,720)
2027	765,750
Thereafter	<u>(3,992,868)</u>
Total	<u>\$ (37,566,678)</u>

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Unearned Revenue

Long-term unearned revenue at June 30, 2022, includes Public Education Capital Outlay appropriations for which the University had not yet received approval from the Florida Department of Education to spend the funds. Also included are prepaid stadium rental income received from the Finance Corporation, a National Institute of Health Grant, and land use fees received prior to the fiscal year-end related to subsequent accounting periods.

As of June 30, 2022, the University reported the following amounts as long-term unearned revenue:

<u>Description</u>	<u>Amount</u>
State Capital Appropriations	\$ 38,931,877
Stadium Rental Income	12,932,158
National Institute of Health Grant	9,500,000
Land Use Fees	1,699,283
Total Unearned Revenue	\$ 63,063,318

Net Pension Liability

As a participating employer in the Florida Retirement System, the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2022, the University's proportionate share of the net pension liabilities totaled \$112,409,638.

Other Long-Term Liabilities

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

11. DISCRETELY PRESENTED COMPONENT UNITS DEBT ISSUES

Notes Payable – Florida International University Foundation, Inc.

On January 20, 2000, the Miami-Dade County Educational Facilities Authority (the Authority) issued \$13 million tax-exempt revenue bonds (Florida International University Foundation Project – Series 1999). These bonds are payable from and secured by a pledge of payments to be made to the Authority under a loan agreement dated December 1, 1999, between the Foundation and the Authority.

The bonds are secured by an irrevocable letter of credit issued by a commercial bank as described below. The Foundation will finance the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease. The \$13 million original principal amount was issued under a variable rate structure with a final maturity date of May 1, 2022. The variable rate on fifty percent of the original issue, \$6.5 million, was synthetically fixed at 4.63 percent through February 1, 2015, by way of an interest rate swap agreement with a commercial bank. The bond proceeds were used to acquire, construct, and equip a multi-function support complex located on the Modesto A. Maidique campus and to pay issuance costs. The Foundation paid off the outstanding balance of \$1,075,000 as of June 30, 2022. For the year ended June 30, 2022, total interest incurred and paid was \$11,198.

Under the letter of credit agreement and loan agreement noted above, the Foundation is obligated under certain debt covenants with which they are in compliance.

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The bonds were repurchased by the Trustee under a commercial bank letter of credit due to the diminishing ability to remarket the variable rate demand bonds in the public marketplace. On July 30, 2010, the bank converted the variable rate demand bonds into a five-year tax exempt qualified loan. After the initial five-year period, the bank would have the right to require the Foundation to refinance the bank qualified loan or could agree to extend the maturity date for an additional five-year period. The Foundation agrees to pay interest at a rate of 67 percent of the one-month London Interbank Offered Rate (LIBOR) plus 1.68 percent. The bond matured on May 1, 2022. On July 30, 2010, the Foundation paid \$52,213 in refinancing fees to complete this transaction. Since the terms remained substantially the same and the present value of the cash outflows is not substantially different, this is not considered an exchange of debt instruments.

Notes Payable – The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. - Related Party Transaction

On August 27, 2010, the Health Care Network entered into a loan agreement totaling \$5,321,198 with the University in order to provide working capital and build out capital to fund the expansion of the faculty practice plan and the establishment of the ambulatory care center and other University clinical activities. In June of 2015 the Health Care Network renegotiated the loan agreement with the University and borrowed an additional \$3,015,652. In May 2021 the Health Care Network's Board of Directors voted to retire the loan effective July 1, 2021. As a result, the principal balance loaned by the University to Health Care Network was paid off effectively July 1, 2021. There was no balance outstanding at June 30, 2022.

Bonds Payable – FIU Athletics Finance Corporation

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

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

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

The bonds are secured by operating and nonoperating revenues as well as University athletic fees, not to exceed 5 percent of the total athletic fees collected. Total principal due at June 30, 2022, was \$22,735,000.

The Finance Corporation has funded a debt service reserve fund in accordance with the bond indenture requirement of maintaining an amount equal to the maximum allowable debt service on the bond in the current and any future fiscal year. This debt service reserve fund currently totals \$2,783,067 and is included in restricted investments.

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

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

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The aggregate maturities of these bonds as of June 30, 2022, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,645,000	\$ 996,845	\$ 2,641,845
2024	1,730,000	927,363	2,657,363
2025	1,825,000	849,284	2,674,284
2026	1,900,000	769,704	2,669,704
2027	1,985,000	686,768	2,671,768
Thereafter	<u>13,650,000</u>	<u>2,056,528</u>	<u>15,706,528</u>
Total	<u>\$ 22,735,000</u>	<u>\$ 6,286,492</u>	<u>\$ 29,021,492</u>

12. DERIVATIVE FINANCIAL INSTRUMENTS – DISCRETELY PRESENTED COMPONENT UNITS

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

FIU Athletics Finance Corporation

Objectives. As a means to lower its borrowing costs and increase its savings, the Finance Corporation entered into an interest rate swap agreement in connection with its \$30,000,000 2009A Miami-Dade County Industrial Development Authority Revenue Bond issuance. The intention of the interest rate swap agreement was to effectively change the Finance Corporation's variable interest rate on the bonds to a synthetic fixed rate of 5.50 percent, which is the fixed rate payable by the Finance Corporation under the interest rate swap agreement of 3.60 percent plus 1.90 percent.

Terms. On December 22, 2009, the Finance Corporation entered into an interest rate swap agreement to hedge the floating-rate on \$21,000,000 of the principal amount of the Series 2009A bonds. This represents the fixed portion of the tax-exempt bonds payable mentioned above. Under the interest rate swap agreement, the Finance Corporation agrees to pay a fixed rate of 3.60 percent and receive a variable rate equal to 63.7 percent of the three-month LIBOR. The interest rate swap agreement has a maturity date of March 1, 2033.

Fair Value. As of June 30, 2022, the Finance Corporation interest rate swap agreement has a derivative liability of \$1,530,124 as included with reported other long-term liabilities in the statement of net position. The negative fair value was determined using Mark-to-Market Value and represents the closing mid-market values. It was classified in Level 2 of the fair value hierarchy at June 30, 2022.

As of June 30, 2022, the fair value of the Series 2007A ineffective interest rate swap agreement was \$1,041,084. This interest rate swap agreement was not terminated when the bonds were refunded in December 2009 nor in December 2016. The interest rate on the refunded Series 2009A bonds reflects a higher rate due to not terminating this interest rate swap agreement. Accordingly, the fair value of \$1,041,084 of the ineffective Series 2007A interest rate swap agreement is being amortized over the remaining life of the refunded Series 2009A bonds.

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The synthetic instrument method evaluates the effectiveness by quantitative approach. The synthetic instrument method evaluates effectiveness by combining the hedgeable item and the potential hedging derivative instrument to simulate a third synthetic instrument. A potential hedging derivative instrument is effective if its total variable cash flows substantially offset the variable cash flows of the hedgeable item. The Finance Corporation determined that it met the criteria of the synthetic instrument method. Therefore, the change in the fair value of the effective interest rate swap agreement is presented in the component units column of the statement of net position as a deferred outflow of resources in the amount of \$489,040.

Credit Risk. As of June 30, 2022, the Finance Corporation was not exposed to credit risk because the interest rate swap agreement had a negative fair value. However, should interest rates change and the fair value of the interest rate swap agreement become positive, the Finance Corporation would be exposed to credit risk in the amount of the derivative's fair value.

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

Termination Risk. The derivative contract uses the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes an "additional termination event". That is, the interest rate swap agreement may be terminated if: (i) the loan or other indebtedness in connection with which a transaction entered into by the Finance Corporation for the purpose or with the effect of altering the net combined payment from a floating to fixed or a fixed to floating-rate basis is repaid, whether upon acceleration of principal, at maturity, or otherwise, or for any other reason ceases to be an obligation of the Finance Corporation, with or without the consent of the counterparty; or (ii) any credit support document expires, terminates, or ceases to be of full force and effect. Also, the interest rate swap agreement may be terminated or assigned by the Finance Corporation if the counterparty's long-term, senior, unsecured, unenhanced debt rating is withdrawn, suspended, or falls below at least two of the following: a) "Baa1" as determined by Moody's; or b) "BBB" as determined by Standard and Poor's; or c) "BBB" as determined by Fitch Ratings. As of June 30, 2022, the swap counterparty was rated in excess of the aforementioned requirements.

Swap Payments and Associated Debt. Using rates as of June 30, 2022, debt service requirements of the variable-rate portion of the debt and net swap payments, assuming current interest rates remain the same for their term, are as follows:

Fiscal Year Ending June 30	Variable-Rate Bond		Interest Rate Swap, Net	Total
	Principal	Interest		
2023	\$ 1,135,000	\$ 528,680	\$ 270,011	\$ 1,933,691
2024	1,185,000	490,594	252,590	1,928,184
2025	1,245,000	450,829	230,250	1,926,079
2026	1,300,000	409,052	208,913	1,917,965
2027	1,355,000	365,429	186,634	1,907,063
Thereafter	9,535,000	1,161,553	505,058	11,201,611
Total	\$ 15,755,000	\$ 3,406,137	\$ 1,653,456	\$ 20,814,593

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

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13. RETIREMENT PLANS DEFINED BENEFIT PENSION PLANS

General Information about the Florida Retirement System (FRS)

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

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 \$7,589,073 for the fiscal year ended June 30, 2022.

FRS Pension Plan

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

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

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

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

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

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

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

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

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Contributions. The Florida Legislature establishes contribution rates for participating employers and employees.

Contribution rates during the 2021-22 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
Florida Retirement System, Regular	3.00	10.82
Florida Retirement System, Senior Management Service	3.00	29.01
Florida Retirement System, Special Risk	3.00	25.89
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	18.34
Florida Retirement System, Reemployed Retiree	(2)	(2)

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

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

The University's contributions to the Plan totaled \$27,929,542 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the University reported a liability of \$47,237,454 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The University's proportionate share of the net pension liability was based on the University's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the University's proportionate share was 0.625341648 percent, which was an increase of 0.002124916 from its proportionate share measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized pension expense of \$1,745,953. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 8,096,575	\$ -
Change of Assumptions	32,322,208	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	-	164,799,604
Changes in Proportion and Differences Between University FRS Contributions and Proportionate Share of FRS Contributions	5,007,035	2,160,340
University FRS Contributions Subsequent to the Measurement Date	<u>27,929,542</u>	<u>-</u>
Total	<u>\$ 73,355,360</u>	<u>\$ 166,959,944</u>

The deferred outflows of resources related to pensions totaling \$27,929,542, 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, 2023.

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ (20,588,591)
2024	(24,385,005)
2025	(33,362,749)
2026	(43,547,962)
2027	350,181
Total	<u><u>\$ (121,534,126)</u></u>

Actuarial Assumptions. The total pension liability in the July 1, 2021, 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, 2021, 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:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1 %	2.1 %	2.1 %	1.1 %
Fixed Income	20 %	3.8 %	3.7 %	3.3 %
Global Equity	54.2 %	8.2 %	6.7 %	17.8 %
Real Estate (Property)	10.3 %	7.1 %	6.2 %	13.8 %
Private Equity	10.8 %	11.7 %	8.5 %	26.4 %
Strategic Investments	3.7 %	5.7 %	5.4 %	8.4 %
Total	<u><u>100 %</u></u>			
Assumed Inflation - Mean			2.4 %	1.2 %

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

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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 2021 valuation was unchanged from the previous valuation.

Sensitivity of the University’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the University’s proportionate share of the net pension liability calculated using the discount rate of 6.80 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	\$ 211,249,060	\$ 47,237,454	\$ (89,857,859)

Pension Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2022, 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, 2022, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University’s contributions to the HIS Plan totaled \$3,234,096 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the University reported a liability of \$65,172,184 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University’s proportionate share of benefit payments expected to be paid within one year, net of the University’s proportionate share of the HIS Plan’s fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and update procedures were used to determine the net pension liability as of June 30, 2021. The University’s proportionate share of the net pension liability was based on the University’s 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the University’s proportionate share was 0.531302048 percent, which was an increase of 0.008417625 from its proportionate share measured as of June 30, 2020.

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For the fiscal year ended June 30, 2022, the University recognized pension expense of \$5,843,120. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,180,826	\$ 27,297
Change of Assumptions	5,121,075	2,685,260
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	67,940	-
Changes in Proportion and Differences Between University HIS Contributions and Proportionate Share of HIS Contributions	3,102,704	-
University HIS Contributions Subsequent to the Measurement Date	<u>3,234,096</u>	<u>-</u>
Total	<u><u>\$ 13,706,641</u></u>	<u><u>\$ 2,712,557</u></u>

The deferred outflows of resources totaling \$3,234,096 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, 2023.

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ 2,191,217
2024	1,154,651
2025	1,493,427
2026	1,608,436
2027	1,078,813
Thereafter	<u>233,444</u>
Total	<u><u>\$ 7,759,988</u></u>

Actuarial Assumptions. The total pension liability in the July 1, 2021, 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	2.16 percent

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

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

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Discount Rate. The discount rate used to measure the total pension liability was 2.16 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 2021 valuation was updated from 2.21 percent to 2.16 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 2.16 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 (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
University's Proportionate Share of the Net Pension Liability	\$ 75,345,358	\$ 65,172,184	\$ 56,837,543

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Annual Comprehensive Financial Report.

14. RETIREMENT PLANS DEFINED CONTRIBUTION PENSION PLANS

FRS Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members.

Allocations to the Investment Plan member accounts during the 2021-22 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
Florida Retirement System, Regular	6.30
Florida Retirement System, Senior Management Service	7.67
Florida Retirement System, Special Risk Regular	14.00

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For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

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

The University's Investment Plan pension expense totaled \$6,924,316 for the fiscal year ended June 30, 2022.

State University System Optional Retirement Program

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 4.19 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs for a total of 9.34 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 \$25,067,904 and employee contributions totaled \$14,134,567 for the 2021-22 fiscal year.

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15. CONSTRUCTION COMMITMENTS

The University's major construction commitments at June 30, 2022, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Auxiliary Construction Projects	\$ 80,801,004	\$ 32,251,314	\$ 48,549,690
Engineering Building Phases I & II	41,500,000	1,592,277	39,907,723
SIPA Building Phase II	37,212,930	24,689,624	12,523,306
Tamiami Hall	95,191,665	89,227,487	5,964,178
CASE Building Renovation	5,844,436	105,245	5,739,191
East Loop Road Realignment	3,405,000	128,489	3,276,511
Graham Center Expansion	6,075,636	-	6,075,636
Subtotal	270,030,671	147,994,436	122,036,235
Projects with Balance Committed Under \$3 Million	125,085,697	100,832,250	24,253,447
Total	<u>\$ 395,116,368</u>	<u>\$ 248,826,686</u>	<u>\$ 146,289,682</u>

16. RELATED PARTY TRANSACTIONS**Florida International University Foundation, Inc.**

On December 1, 1999, the former Board of Regents of the State University System of the State of Florida for and on behalf of the University entered into a ground lease agreement with the Foundation. Under this agreement, the Foundation leases from the University the grounds on which a multi-function support complex facility was built on the Modesto A. Maidique campus. The consideration required to be paid by the Foundation is \$10 annually. The ground lease will expire on December 31, 2024, or on the date the Foundation makes its final payment under a letter of credit agreement related to the financing of the facility. Total amounts paid to the Foundation under this agreement were \$1,935,233 for the year ended June 30, 2022.

On December 1, 1999, the former Board of Regents on behalf of the University also entered into a 20-year operating lease agreement with the Foundation for the facility. Under the terms of the operating lease, the University will pay the Foundation rent in the amount equal to all amounts due and payable by the Foundation under the letter of credit agreement, if any, and loan agreement related to the financing of the facility. The payments also include any costs of operating and maintaining the facility, in addition to amounts necessary to pay any unanticipated and extraordinary costs. The lease commenced during August 2002 when the facility became operational. The lease terminated on May 1, 2022, which is the date of maturity of the loan agreement.

The facility under the above operating lease is not recorded as an asset on the statement of net position; however, the operational lease payments are recorded as expenses in the statement of revenues, expenses, and changes in net position when paid or incurred.

On May 1, 2022, the Foundation made the final payment on the letter of credit. As per the terms of the ground lease, the Foundation completed the transfer of the facility to the University, at carrying value, on June 30, 2022. The carrying value of the building, improvements, and furniture and fixtures is reflected as \$9,670,696 of other expenses in the current year. The facility has an estimated replacement cost of approximately \$34 million.

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FIU Athletics Finance Corporation

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

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ 1,304,083
2024	1,304,083
2025	1,304,083
2026	1,304,083
2027	1,304,083
2028-2032	6,520,416
2033	<u>1,195,410</u>
Total Minimum Payments Required	<u><u>\$ 14,236,241</u></u>

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

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

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

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

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

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

The most significant of the obligations under the Agreement is for the University to provide the Wolfsonian with the same financial support from its general budget, as provided to other departments, and to continue the museum and educational activities and operations of the Wolfsonian. The University provided support of approximately \$2.9 million during the 2021-22 fiscal year for Wolfsonian expenses which included salaries, equipment, administrative expenses, insurance premiums for the art collection, and building security. In addition, the University provided support of approximately \$0.3 million during the 2021-22 fiscal year for utilities, repairs, and maintenance expenses for buildings used by the Wolfsonian.

18. RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2021-22 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 \$57.5 million for named windstorm and flood through February 14, 2022, and decreased to \$56.3 million starting February 15, 2022. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$167.5 million through February 14, 2022, and increased to \$168.7 million starting February 15, 2022; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

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

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University Self-Insurance Program

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

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

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

Changes in the balances of claims liability for the Self-Insurance Program during the 2020-21 and 2021-22 fiscal years are presented in the following table:

<u>Fiscal Year Ended</u>	<u>Claims Liabilities Beginning of Year</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Claims Liabilities End of Year</u>
June 30, 2021	\$ 29,271	\$ 230,753	\$ (34,167)	\$ 225,857
June 30, 2022	225,857	42,306	(41,108)	227,055

19. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

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

The following are those same expenses presented in functional classifications as recommended by NACUBO:

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 341,432,931
Research	172,745,937
Public Services	14,393,237
Academic Support	116,560,684
Student Services	72,553,274
Institutional Support	104,077,029
Operation and Maintenance of Plant	65,313,460
Scholarships, Fellowships, and Waivers	191,627,285
Depreciation	52,833,498
Auxiliary Enterprises	55,100,529
Total Operating Expenses	\$ 1,186,637,864

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20. SEGMENT INFORMATION

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

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

Condensed Statement of Net Position

	<u>Housing Facilities</u>	<u>Parking Facilities</u>
Assets		
Current Assets	\$ 31,035,766	\$ 12,446,329
Capital Assets, Net	205,300,659	92,071,272
Other Noncurrent Assets	<u>7,256,233</u>	<u>774,575</u>
Total Assets	<u>243,592,658</u>	<u>105,292,176</u>
Liabilities		
Current Liabilities	13,629,952	2,675,901
Noncurrent Liabilities	<u>143,363,041</u>	<u>46,601,578</u>
Total Liabilities	<u>156,992,993</u>	<u>49,277,479</u>
Net Position		
Net Investment in Capital Assets	56,036,043	44,022,038
Restricted - Expendable	3,925,714	749,038
Unrestricted	<u>26,637,908</u>	<u>11,243,621</u>
Total Net Position	<u>\$ 86,599,665</u>	<u>\$ 56,014,697</u>

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

	<u>Housing Facilities</u>	<u>Parking Facilities</u>
Operating Revenues	\$ 25,738,675	\$ 14,125,892
Depreciation Expense	(3,947,157)	(3,139,152)
Other Operating Expenses	<u>(17,035,110)</u>	<u>(8,735,758)</u>
Operating Income	<u>4,756,408</u>	<u>2,250,982</u>
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	3,262,336	1,385,757
Interest Expense	(4,408,990)	(1,996,749)
Other Nonoperating Expenses	<u>-</u>	<u>(2,727)</u>
Net Nonoperating Expenses	<u>(1,146,654)</u>	<u>(613,719)</u>
Income Before Transfers	3,609,754	1,637,263
Net Transfers	<u>(88,472)</u>	<u>(72,018)</u>
Increase in Net Position	3,521,282	1,565,245
Net Position, Beginning of Year	<u>83,078,383</u>	<u>54,449,452</u>
Net Position, End of Year	<u>\$ 86,599,665</u>	<u>\$ 56,014,697</u>

Condensed Statement of Cash Flows

	<u>Housing Facilities</u>	<u>Parking Facilities</u>
Net Cash Provided (Used) by:		
Operating Activities	\$ 10,726,790	\$ 6,003,578
Noncapital Financing Activities	1,992,712	278
Capital and Related Financing Activities	(47,161,239)	(4,636,431)
Investing Activities	<u>43,935,268</u>	<u>(863,476)</u>
Net Increase in Cash and Cash Equivalents	9,493,531	503,949
Cash and Cash Equivalents, Beginning of Year	<u>159,996</u>	<u>3,071,269</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,653,527</u>	<u>\$ 3,575,218</u>

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21. DISCRETELY PRESENTED COMPONENT UNITS

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

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

Condensed Statement of Net Position Direct-Support Organizations

	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	Total
Assets				
Current Assets	\$ 30,842,039	\$ 5,084,038	\$ 6,851,498	\$ 42,777,575
Capital Assets, Net	7,832,027	-	26,232	7,858,259
Other Noncurrent Assets	<u>383,527,507</u>	<u>15,715,225</u>	<u>5,818,130</u>	<u>405,060,862</u>
Total Assets	<u>422,201,573</u>	<u>20,799,263</u>	<u>12,695,860</u>	<u>455,696,696</u>
Deferred Outflows of Resources	<u>-</u>	<u>650,475</u>	<u>-</u>	<u>650,475</u>
Liabilities				
Current Liabilities	8,671,776	1,974,037	2,537,057	13,182,870
Noncurrent Liabilities	<u>495,549</u>	<u>23,472,365</u>	<u>-</u>	<u>23,967,914</u>
Total Liabilities	<u>9,167,325</u>	<u>25,446,402</u>	<u>2,537,057</u>	<u>37,150,784</u>
Deferred Inflows of Resources	<u>317,885</u>	<u>-</u>	<u>5,085,371</u>	<u>5,403,256</u>
Net Position				
Net Investment in Capital Assets	7,345,972	-	26,232	7,372,204
Restricted Nonexpendable	198,540,065	-	-	198,540,065
Restricted Expendable	145,013,261	-	-	145,013,261
Unrestricted	<u>61,817,065</u>	<u>(3,996,664)</u>	<u>5,047,200</u>	<u>62,867,601</u>
Total Net Position	<u>\$ 412,716,363</u>	<u>\$ (3,996,664)</u>	<u>\$ 5,073,432</u>	<u>\$ 413,793,131</u>

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NOTES TO FINANCIAL STATEMENTS

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

	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	Total
Operating Revenues	\$ 28,860,598	\$ 5,507,789	\$ 11,682,931	\$ 46,051,318
Depreciation Expense	(734,854)	(3,650)	(5,000)	(743,504)
Operating Expenses	<u>(63,062,435)</u>	<u>(2,816,499)</u>	<u>(5,946,180)</u>	<u>(71,825,114)</u>
Operating (Loss) Income	<u>(34,936,691)</u>	<u>2,687,640</u>	<u>5,731,751</u>	<u>(26,517,300)</u>
Net Nonoperating Revenues (Expenses)				
Investment (Loss)/Income	(25,423,340)	4,223	(29,046)	(25,448,163)
Interest Expense	(11,198)	(976,276)	-	(987,474)
Other Nonoperating Revenues (Expenses)	<u>14,950,318</u>	<u>-</u>	<u>(3,292,098)</u>	<u>11,658,220</u>
Net Nonoperating Expenses	<u>(10,484,220)</u>	<u>(972,053)</u>	<u>(3,321,144)</u>	<u>(14,777,417)</u>
Other Losses	<u>(12,170,696)</u>	<u>-</u>	<u>-</u>	<u>(12,170,696)</u>
(Decrease)/Increase in Net Position	(57,591,607)	1,715,587	2,410,607	(53,465,413)
Net Position, Beginning of Year	<u>470,307,970</u>	<u>(5,712,251)</u>	<u>2,662,825</u>	<u>467,258,544</u>
Net Position, End of Year	<u>\$ 412,716,363</u>	<u>\$ (3,996,664)</u>	<u>\$ 5,073,432</u>	<u>\$ 413,793,131</u>

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

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

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

Notes to Required Supplementary Information:

No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75 to pay related benefits. The University's June 30, 2022, proportionate share of the total OPEB liability decreased slightly from the prior fiscal year as a result of changes to assumptions as discussed below.

Changes in Assumptions. In 2022, amounts reported as changes of assumptions resulted from a change to the discount rate, updates to the retirement, termination, disability, and salary scale rates, and a change in active medical plan election rate. Refer to Note 10 to the financial statements for further detail.

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

	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>
University's Proportion of the FRS Net Pension Liability	0.63%	0.62%	0.64%	0.62%	0.58%
University's Proportionate Share of the FRS Net Pension Liability	\$ 47,237,454	\$ 270,111,316	\$ 219,045,078	\$ 186,930,731	\$ 172,260,097
University's Covered Payroll (2)	\$ 449,423,678	\$ 441,956,666	\$ 426,565,567	\$ 402,854,082	\$ 388,298,438
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	10.51 %	61.12 %	51.35 %	46.40 %	44.36 %
FRS Plan Fiduciary Net Pension as a Percentage of the FRS Total Pension Liability	96.40 %	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.

Notes to Required Supplementary Information:

Change of Assumptions. The maximum amortization period was decreased to 20 years for all current and future amortization bases.

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

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

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

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>
Contractually Required FRS Contribution	\$ 27,929,542	\$ 23,822,815	\$ 20,706,730	\$ 19,721,988	\$ 17,686,866
FRS Contributions in Relation to the Contractually Required Contribution	<u>(27,929,542)</u>	<u>(23,822,815)</u>	<u>(20,706,730)</u>	<u>(19,721,988)</u>	<u>(17,686,866)</u>
FRS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$459,617,718	\$449,423,678	\$441,956,666	\$426,565,567	\$402,854,082
FRS Contributions as a Percentage of Covered Payroll	6.08 %	5.30 %	4.69 %	4.62 %	4.39 %

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

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

Notes to Required Supplementary Information:

Change of Assumptions. The maximum amortization period was decreased to 20 years for all current and future amortization bases.

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

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

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

	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)
University's Proportion of the HIS Net Pension Liability	0.53%	0.52%	0.52%	0.50%	0.49%
University's Proportionate Share of the HIS Net Pension Liability	\$ 65,172,184	\$ 63,843,336	\$ 58,182,613	\$ 53,094,937	\$ 52,274,414
University's Covered Payroll (2)	\$ 182,271,803	\$ 178,126,318	\$ 168,199,711	\$ 156,730,885	\$ 168,353,927
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	35.76 %	35.84 %	34.59 %	33.88 %	31.05 %
HIS Plan Fiduciary Net Pension as a Percentage of the HIS Total Pension Liability	3.56 %	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.

Notes to Required Supplementary Information:

Change of Assumptions. The municipal rate used to determine total pension liability decreased from 2.21 percent to 2.16 percent.

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

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

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

	2022 (1)	2021 (1)	2020 (1)	2019 (1)	2018 (1)
Contractually Required HIS Contribution	\$ 3,234,096	\$ 3,122,998	\$ 3,013,138	\$ 2,887,500	\$ 2,720,447
HIS Contributions in Relation to the Required HIS Contribution	<u>(3,234,096)</u>	<u>(3,122,998)</u>	<u>(3,013,138)</u>	<u>(2,887,500)</u>	<u>(2,720,447)</u>
HIS Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's Covered Payroll (2)	\$ 188,456,096	\$ 182,271,803	\$ 178,126,318	\$ 168,199,711	\$ 156,730,885
HIS Contributions as a Percentage of Covered Payroll	1.72 %	1.71 %	1.69 %	1.72 %	1.74 %

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

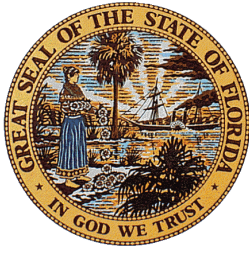
(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

Notes to Required Supplementary Information:

Change of Assumptions. The municipal rate used to determine total pension liability decreased from 2.21 percent to 2.16 percent.

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

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



Sherrill F. Norman, CPA
Auditor General

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2022, 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 24, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large loop at the end of the last name.

Sherrill F. Norman, CPA
Tallahassee, Florida
March 24, 2023
Audit Report No. 2023-168





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