

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

UNIVERSITY OF NORTH FLORIDA

For the Fiscal Year Ended
June 30, 2025



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

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^a Student Body President.

^b Faculty Association President (equivalent to faculty senate chair referred to in Section 1001.71(1), Florida Statutes).

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The team leader was Donald D. Hemmingway, CPA, and the audit was supervised by Ivo N. Njabe, CPA.

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

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UNIVERSITY OF NORTH FLORIDA
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SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

AUDIT OBJECTIVES AND SCOPE

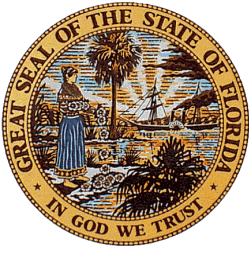
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. In doing so we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained 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.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements and the Schedules of Receipts and Expenditures City of Jacksonville Grant Funds – Budget and Actual.
- Concluded 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.
- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

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

AUDIT METHODOLOGY

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



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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the University of North Florida, 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, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the University of North Florida and of its aggregate discretely presented component units as of June 30, 2025, 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 blended and aggregate discretely presented component units. The financial statements of the University of North Florida Financing Corporation, a blended component unit, represent 3 percent, 1 percent, 18 percent, and 1 percent, respectively, of the assets, deferred outflows of resources, liabilities, and expenses reported for the University of North Florida as of June 30, 2025. The financial statements of the aggregate discretely presented component units represent 100 percent of the transactions and account balances of the discretely presented component units column as of June 30, 2025. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the blended and aggregate discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2. to the financial statements, the University has elected to change its method of accounting for reporting scholarship allowances from the "Alternate Method" to the "Direct Method" for the 2024-25 fiscal year. This affects the comparability of amounts reported for the 2024-25 fiscal year with amounts reported for the 2023-24 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**, **Schedule of University Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information** be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of North Florida's basic financial statements. The accompanying **Schedules of Receipts and Expenditures City of Jacksonville Grant Funds – Budget and Actual**, as listed in the table of contents, are presented for purposes of additional analysis as required by the Ordinance Code of the City of Jacksonville (Chapter 118, Part 2) and are not a required part of the basic financial statements.

The **Schedules of Receipts and Expenditures City of Jacksonville Grant Funds – Budget and Actual** are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the **Schedules of Receipts and Expenditures City of Jacksonville Grant Funds – Budget and Actual** are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026, on our consideration of the University of North Florida’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of North Florida’s internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 23, 2026

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, 2025, 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, 2025, and June 30, 2024.

FINANCIAL HIGHLIGHTS

The University's assets and deferred outflows of resources totaled \$975.5 million at June 30, 2025. This balance reflects a \$96 million, or 10.9 percent, increase as compared to the 2023-24 fiscal year, primarily resulting from increases in construction in progress, due from State, subscription-based information technology arrangement (SBITA), deferred outflows related to other postemployment benefits (OPEB), restricted cash and cash equivalents, and buildings. Liabilities and deferred inflows of resources increased by \$40.3 million, or 7.3 percent, totaling \$594.3 million at June 30, 2025, mainly resulting from increases in OPEB liability, SBITA liability, construction contracts payable, and deposits payable. As a result, the University's net position increased by \$55.7 million, resulting in a year-end balance of \$381.2 million.

The University's operating revenues totaled \$155 million for the 2024-25 fiscal year, representing an 18.6 percent increase compared to the 2023-24 fiscal year due mainly to a decrease in tuition scholarship allowances resulting from an accounting change from the "Alternate Method" to the "Direct Method" used in total scholarship allowances. Operating expenses totaled \$413 million for the 2024-25 fiscal year, representing an increase of 13.5 percent as compared to the 2023-24 fiscal year due mainly to increases in scholarships and fellowships, compensation and employee benefits, and depreciation and amortization expenses.

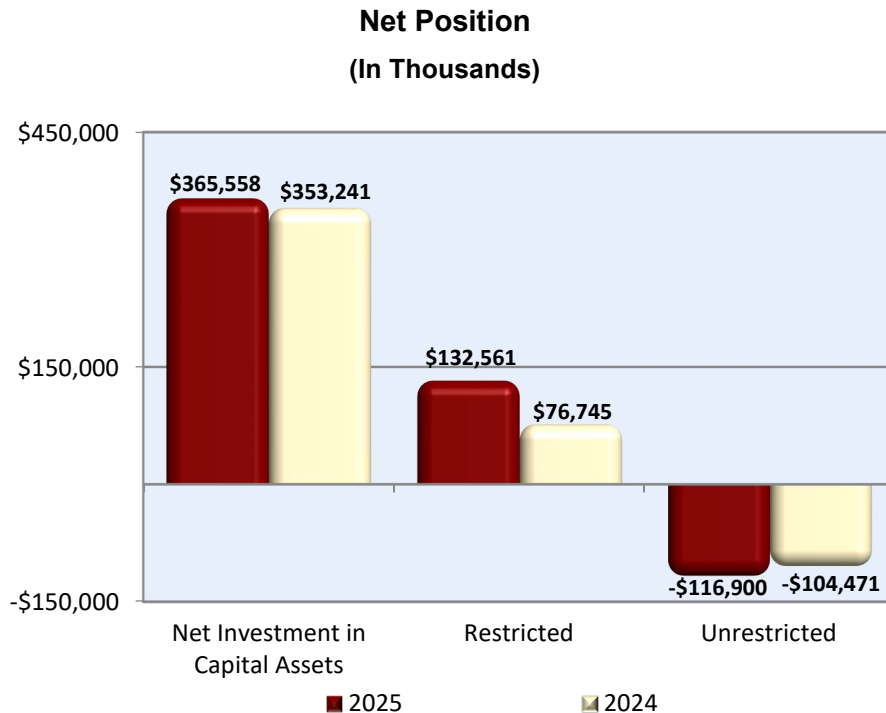
Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University had a deficit in the unrestricted net position of \$30.2 million and its blended component unit had a deficit net position of \$86.7 million, or a total deficit unrestricted net position of \$116.9 million. The deficit in the University's unrestricted net position was primarily the result of recording long-term liabilities within the unrestricted operating funds as required by Governmental Accounting Standards Board (GASB) for the other postemployment benefits (OPEB) liability (\$127.7 million), the pension liability (\$101.4 million), and the compensated absences liability (\$25 million) that will be paid over time and financed by future appropriations. The following table shows the items comprising the difference between the University's ending net position before amount to be funded by future State appropriations and the University's unrestricted ending net position:

Unrestricted New Position

(In Thousands)

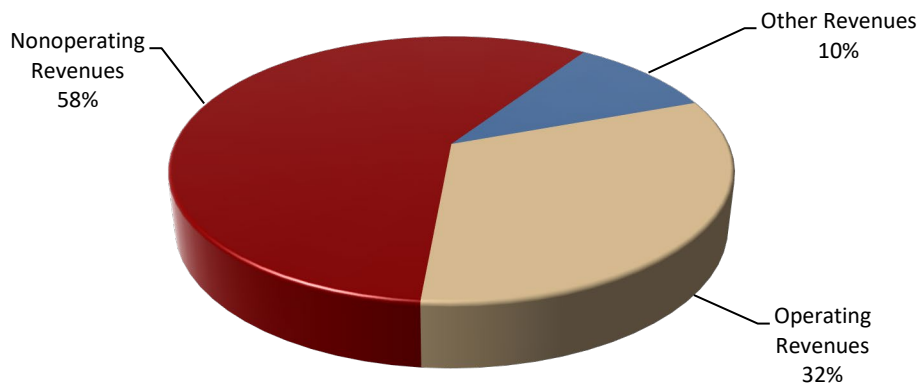
	Amount
Ending Net Position Before Amount to be Funded by Future State Appropriations	\$ 217,422
Less Amount to be Funded by Future State Appropriations:	
Compensated Absences Liability	\$ (25,012)
Other Postemployment Benefits Payable	(127,712)
Florida Retirement System Net Pension Liability	(71,831)
Health Insurance Subsidy Net Pension Liability	(29,539)
Deferred Outflows Related to Other Postemployment Benefits	74,158
Deferred Outflows Related to Pensions	35,230
Deferred Inflows Related to Other Postemployment Benefits	(93,670)
Deferred Inflows Related to Pensions	(9,260)
Total Amount to be Funded by Future State Appropriations	(247,636)
University's Unrestricted Net Position	(30,214)
Blended Component Unit's Unrestricted Net Position	(86,686)
Total Ending Unrestricted Net Position	\$ (116,900)

The University's comparative total net position by category for the fiscal years ended June 30, 2025, and June 30, 2024, is shown in the following graph:



The following chart provides a graphical presentation of University revenues by category for the 2024-25 fiscal year:

Total Revenues 2024-25 Fiscal Year



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the University's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component units. These component units include:

- University of North Florida Foundation, Inc. (Foundation)
- The University of North Florida Training and Service Institute, Inc. (TSI)
- Museum of Contemporary Art Jacksonville, Inc. (MOCA)
- University of North Florida Financing Corporation, Inc. (Financing Corporation)

Based on the application of the criteria for determining component units, the Financing Corporation is included within the University reporting entity as a blended component unit, and the Foundation, TSI, and MOCA are included within the University reporting entity as discretely presented component units.

Information regarding these component units, including summaries of the blended and 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. MD&A information for the discretely presented component units 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 following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30:

Condensed Statement of Net Position at June 30

(In Thousands)

	2025	2024
Assets		
Current Assets	\$ 239,477	\$ 212,880
Capital Assets, Net	555,404	482,807
Other Noncurrent Assets	69,769	96,241
Total Assets	864,650	791,928
Deferred Outflows of Resources	110,894	87,574
Liabilities		
Current Liabilities	58,357	40,514
Noncurrent Liabilities	431,330	414,981
Total Liabilities	489,687	455,495
Deferred Inflows of Resources	104,638	98,492
Net Position		
Net Investment in Capital Assets	365,558	353,241
Restricted	132,561	76,745
Unrestricted	(116,900)	(104,471)
Total Net Position	\$ 381,219	\$ 325,515

Total assets increased by \$72.7 million in the 2024-25 fiscal year due primarily to increases of \$55.2 million in construction work in progress, \$32 million in due from FDOE for construction projects in progress, \$26.6 million in Subscription-Based Information Technology Arrangements (SBITA) assets, \$24.3 million in restricted cash and cash equivalents, and \$22.9 million in buildings. The increase in construction work in progress is mostly due to the construction of a new dormitory facility and the increase in SBITA assets was due to the capitalization of the University's new ERP system. The increase in total assets was offset primarily by a \$48.9 million decrease in restricted investments and a \$11.8 million decrease in unrestricted cash and cash equivalents. Deferred outflows of resources increased by \$23.3 million due primarily to an increase in deferred outflows related to OPEB. The increase in total assets and deferred outflows was partially offset by a \$40.3 million increase in total liabilities and deferred inflows of resources resulting from increases of \$17.8 million in current liabilities, \$19.6 million in OPEB liability and \$11.5 million in SBITA liability resulting in an increase of \$55.7 million in total net position.

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

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

The following summarizes the University's activity for the 2024-25 and 2023-24 fiscal years:

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

(In Thousands)

	2024-25	2023-24
Operating Revenues	\$ 155,025	\$ 130,677
Less, Operating Expenses	413,033	363,862
Operating Loss	(258,008)	(233,185)
Net Nonoperating Revenues	264,972	238,445
Income Before Other Revenues	6,964	5,260
Other Revenues	48,740	37,855
Net Increase In Net Position	55,704	43,115
Net Position, Beginning of Year	325,515	282,400
Net Position, End of Year	\$ 381,219	\$ 325,515

Operating Revenues

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

The following summarizes the operating revenues by source that were used to fund operating activities for the 2024-25 and 2023-24 fiscal years:

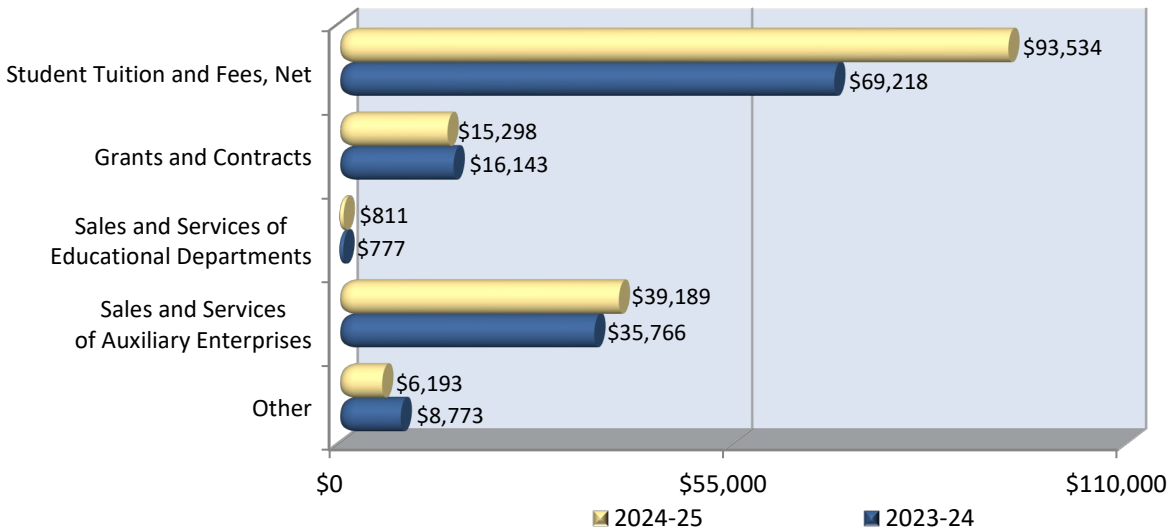
**Operating Revenues
For the Fiscal Years**

(In Thousands)

	2024-25	2023-24
Student Tuition and Fees, Net	\$ 93,534	\$ 69,218
Grants and Contracts	15,298	16,143
Sales and Services of Educational Departments	811	777
Sales and Services of Auxiliary Enterprises	39,189	35,766
Other	6,193	8,773
Total Operating Revenues	\$ 155,025	\$ 130,677

The following chart presents the University's operating revenues for the 2024-25 and 2023-24 fiscal years:

Operating Revenues
(In Thousands)



The University’s operating revenues increased by \$24.3 million, or 18.6 percent, due to the University switching from the “Alternate Method” to the “Direct Method” for determining the net scholarship discounts and allowances as discussed in Note 2.

Operating Expenses

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

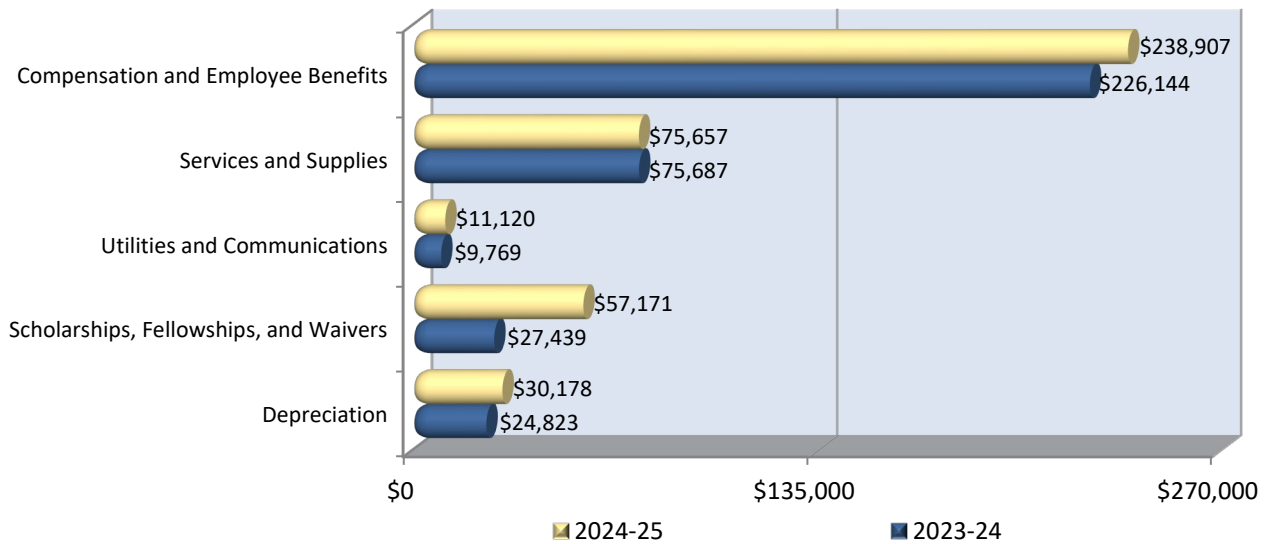
The following summarizes operating expenses by natural classification for the 2024-25 and 2023-24 fiscal years:

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

	<u>2024-25</u>	<u>2023-24</u>
Compensation and Employee Benefits	\$ 238,907	\$ 226,144
Services and Supplies	75,657	75,687
Utilities and Communications	11,120	9,769
Scholarships, Fellowships, and Waivers	57,171	27,439
Depreciation	30,178	24,823
Total Operating Expenses	<u>\$ 413,033</u>	<u>\$ 363,862</u>

The following chart presents the University’s operating expenses for the 2024-25 and 2023-24 fiscal years:

Operating Expenses
(In Thousands)



The University’s overall operating expenses increased by \$49.2 million, or 13.5 percent, mainly as a result of increases of \$12.8 million in compensation and employee benefits, \$29.7 million in scholarships and fellowships, and \$5.4 million in depreciation.

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, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University’s nonoperating revenues and expenses for the 2024-25 and 2023-24 fiscal years:

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

	<u>2024-25</u>	<u>2023-24</u>
State Noncapital Appropriations	\$ 184,925	\$ 170,089
Federal and State Student Financial Aid	57,008	49,692
Gifts and Grants	16,263	-
Investment Income	12,397	10,961
Other Nonoperating Revenues	10,074	19,589
Loss on Disposal of Capital Assets	(26)	(218)
Interest on Capital Asset-Related Debt	(7,856)	(5,971)
Other Nonoperating Expenses	<u>(7,813)</u>	<u>(5,697)</u>
Net Nonoperating Revenues	<u>\$ 264,972</u>	<u>\$ 238,445</u>

Net nonoperating revenues increased by \$26.5 million, or 11.1 percent, as compared to the 2023-24 fiscal year mainly as a result of increases of \$14.8 million in State noncapital appropriations,

\$7.3 million in Federal and State student financial aid, and \$16.3 million in noncapital gifts and grants. The increase in noncapital grants, contracts, and gifts is primarily due to amounts received from the University's discretely presented component units that were reported as other nonoperating revenues in prior fiscal years. These increases were offset by a \$9.5 million reduction in other nonoperating revenues.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2024-25 and 2023-24 fiscal years:

Other Revenues For the Fiscal Years		
(In Thousands)		
	2024-25	2023-24
State Capital Appropriations	\$ 42,671	\$ 35,814
Capital Grants, Contracts, Donations, and Fees	6,069	2,041
Total	\$ 48,740	\$ 37,855

Other revenues increased \$10.9 million, due to a \$6.9 million increase in State capital appropriations and a \$4 million increase in capital grants, contracts, donations, and fees to fund various construction projects.

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 2024-25 and 2023-24 fiscal years:

Condensed Statement of Cash Flows For the Fiscal Years		
(In Thousands)		
	2024-25	2023-24
Cash Provided (Used) by:		
Operating Activities	\$ (234,772)	\$ (194,754)
Noncapital Financing Activities	278,510	235,429
Capital and Related Financing Activities	(89,982)	33,695
Investing Activities	58,726	(49,290)
Net Increase in Cash and Cash Equivalents	12,482	25,080
Cash and Cash Equivalents, Beginning of Year	71,449	46,369
Cash and Cash Equivalents, End of Year	\$ 83,931	\$ 71,449

Major sources of funds from operating activities were from net student tuition and fees of \$92.8 million; sales and services of auxiliary enterprises of \$39.8 million, Federal, State and local grants and contracts of \$15.5 million, and other operating receipts of \$7.3 million. Major uses of funds were for payments to employees totaling \$239.2 million, payments to suppliers for goods and services totaling \$94.7 million and disbursements to students for scholarships and fellowships totaling \$57.2 million. The increase in net cash used by operating activities was due to increases of \$29.7 million in payments to students, \$25 million in payments to employees, and \$11.1 million in payments to suppliers, offset by a \$24.4 million increase in student tuition and fees resulting from the change to the Direct Method for determining scholarship allowances.

Major sources of funds from noncapital financing activities are from State noncapital appropriations of \$184.9 million, Federal and State student financial aid of \$57 million, Federal Direct Loan Program receipts of \$35.6 million, and other nonoperating receipts of \$12.6 million. The major use of funds was for the Federal Direct Loan Program disbursements of \$35.6 million. The increase in net cash provided by noncapital financing activities was primarily due to increases in noncapital grants, contracts, and gifts of \$16.3 million, State noncapital appropriations of \$14.8 million and increased Federal and State student financial aid of \$7.3 million.

Major sources of funds from capital and related financing activities are State capital appropriations of \$10.6 million and capital grants, contracts, donations and fees of \$5.8 million. Major uses of funds were for the purchase and construction of capital assets of \$90.5 million which was an increase of \$42.5 million over the 2023-24 fiscal year due to the construction of the University's new dormitory facility and other capital projects.

Investment activities provided \$58.7 million in net cash from proceeds from sales and maturities of investments primarily resulting from the liquidation of restricted investments for payment of construction expenses for the new dormitory facility.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION
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Capital Assets

At June 30, 2025, the University had \$1.02 billion in capital assets, less accumulated depreciation of \$461.3 million, for net capital assets of \$555.4 million. Depreciation charges for the current fiscal year totaled \$30.2 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	<u>2025</u>	<u>2024</u>
Land	\$ 20,929	\$ 20,929
Construction in Progress	114,009	58,780
Subscription-Based Information Technology Arrangements in Progress	-	11,631
Buildings	340,676	336,351
Infrastructure and Other Improvements	35,297	34,098
Furniture and Equipment	13,591	13,005
Library Resources	14	17
Subscription-Based Information Technology Arrangements	24,461	1,252
Leasehold Improvements	3,702	3,631
Right-to-Use Lease Assets	2,725	3,113
Capital Assets, Net	<u><u>\$555,404</u></u>	<u><u>\$482,807</u></u>

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2025, were incurred on the following projects: East Ridge Housing, Coggin College of Business Phase II, Recreation Facility Improvement and Repairs, Housing Special Projects 2023, Arena Locker Room Renovations, and Hicks Hall 1st Floor Remodel. Major capital construction commitments included \$39.9 million for Student Support & Academic Building, \$21.8 million for Coggin College of Business Phase II, \$7.4 million for Brooks College of Health Remodel project, \$7.3 million each for the East Ridge Housing and John Delaney Student Union Renovation & Remodel projects, \$3.6 million for Arena Locker Room Renovations, \$2.5 million for AA Suite Remodeling, \$2.3 million for Housing Renovation Projects, \$1.9 million for FAC Lighting Upgrades, \$1.5 million for Hicks Hall 1st Floor Remodel, \$1.4 million for Shared Biochemical and Faculty Research Lab, and \$1.2 million for the Library Help Desk project. The University's construction commitments at June 30, 2025, are as follows:

	Amount (In Thousands)
Total Committed	\$ 218,402
Completed to Date	<u>114,009</u>
Balance Committed	<u><u>\$ 104,393</u></u>

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

Debt Administration

As of June 30, 2025, the University had \$195.7 million in outstanding bonds payable, capital improvement debt payable, loans and notes payable, SBITA payable, and right-to-use leases payable, representing

an increase of \$2.1 million, or 1.2 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30
(In Thousands)

	2025	2024
Bonds Payable	\$ 56,025	\$ 60,769
Capital Improvement Debt	90,417	91,313
Loans and Notes Payable	33,558	36,879
SBITA Payable	12,925	1,474
Right-to-Use Leases Payable	2,750	3,166
Total	\$ 195,675	\$ 193,601

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University’s economic condition is closely tied to that of the State of Florida. A decrease of \$9.8 million in total State funding is anticipated in the 2025-26 fiscal year. The Florida Legislature’s adopted budget for the 2025-26 fiscal year provided \$110.1 million from educational and general funds which includes a decrease of \$9.8 million in operational support from the State in the 2025-26 fiscal year. The adopted budget also includes \$30.7 million from the Educational Enhancement Trust Fund. Subsequently, the Florida Board of Governors also allocated \$31.5 million in performance-based funding to the University for the 2025-26 fiscal year.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Administration and Finance, University of North Florida, 1 UNF Drive, Building 53, Hicks Hall, Suite 2200, Jacksonville, Florida 32224-2648.

BASIC FINANCIAL STATEMENTS

UNIVERSITY OF NORTH FLORIDA A Component Unit of the State of Florida Statement of Net Position

June 30, 2025

	<u>University</u>	<u>Component Units</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 33,333,772.44	\$ 26,031,128.00
Investments	107,696,618.83	-
Accounts Receivable, Net	22,957,001.30	1,493,317.00
Loans and Notes Receivable, Net	-	241,021.00
Leases Receivable	94,891.00	103,327.00
Restricted Pledges Receivable, Net	-	5,520,787.00
Due from State	74,841,080.00	-
Inventories	241,795.97	99,380.00
Other Current Assets	312,006.73	137,330.00
Total Current Assets	<u>239,477,166.27</u>	<u>33,626,290.00</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	50,597,223.89	-
Restricted Investments	17,570,371.53	197,756,939.00
Leases Receivable	1,600,760.75	-
Restricted Pledges Receivable, Net	-	4,117,436.00
Depreciable Capital Assets, Net	420,465,911.01	6,011,195.00
Nondepreciable Capital Assets	134,938,441.92	33,537,556.00
Other Noncurrent Assets	-	3,280.00
Total Noncurrent Assets	<u>625,172,709.10</u>	<u>241,426,406.00</u>
Total Assets	<u>864,649,875.37</u>	<u>275,052,696.00</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	74,157,748.97	-
Pensions	35,230,396.00	-
Deferred Amount on Debt Refunding	1,505,949.15	-
Total Deferred Outflows of Resources	<u>110,894,094.12</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	4,452,630.11	2,674,401.00
Construction Contracts Payable	11,899,021.01	-
Salary and Wages Payable	4,789,335.47	-
Deposits Payable	16,332,654.24	-
Unearned Revenue	454,466.36	821,061.00
Accrued Interest Payable	1,656,685.09	-
Long-Term Liabilities - Current Portion:		
Unearned Revenue	20,833.33	-
Bonds Payable	4,090,000.00	-
Capital Improvement Debt Payable	1,955,000.00	-
Loans and Notes Payable	2,908,549.41	-
Right-to-Use Leases Payable	428,403.58	-
SBITA Liability	1,764,735.19	-
Compensated Absences Payable	3,952,286.89	-
Other Postemployment Benefits Payable	3,549,717.28	-
Net Pension Liability	102,812.00	-
Total Current Liabilities	<u>58,357,129.96</u>	<u>3,495,462.00</u>

	<u>University</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Unearned Revenue	312,500.00	-
Bonds Payable	51,934,994.77	-
Capital Improvement Debt Payable	88,461,599.58	-
Loans and Notes Payable	30,649,669.12	-
Right-to-Use Leases Payable	2,321,458.75	-
SBITA Liability	11,160,237.81	-
Compensated Absences Payable	21,059,325.03	-
Other Postemployment Benefits Payable	124,162,646.72	-
Net Pension Liability	101,267,548.00	-
Other Noncurrent Liabilities	-	3,616.00
Total Noncurrent Liabilities	<u>431,329,979.78</u>	<u>3,616.00</u>
Total Liabilities	<u>489,687,109.74</u>	<u>3,499,078.00</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	93,669,626.11	-
Pensions	9,260,069.00	-
Leases	1,707,741.60	159,203.00
Total Deferred Inflows of Resources	<u>104,637,436.71</u>	<u>159,203.00</u>
NET POSITION		
Net Investment in Capital Assets	365,558,707.79	39,548,751.00
Restricted for Nonexpendable:		
Endowment	-	170,155,796.00
Restricted for Expendable:		
Debt Service	53,630.64	-
Capital Projects	128,159,029.04	-
Other	4,348,518.61	45,788,708.00
Unrestricted	(116,900,463.04)	15,901,160.00
TOTAL NET POSITION	<u>\$ 381,219,423.04</u>	<u>\$ 271,394,415.00</u>

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

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UNIVERSITY OF NORTH FLORIDA
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2025

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$35,716,184.11 (\$1,920,682.24 Pledged for the Student Union Revenue Bonds and \$1,323,161.70 Pledged for the Student Wellness Center Revenue Bonds)	\$ 93,533,671.19	\$ -
Federal Grants and Contracts	9,729,117.37	-
State and Local Grants and Contracts	3,087,282.15	-
Nongovernmental Grants and Contracts	2,481,490.94	-
Sales and Services of Educational Departments	811,617.10	-
Sales and Services of Auxiliary Enterprises (\$24,556,816.09 Pledged for Housing Facility Revenue Bonds and \$3,062,060.15 Pledged for the Parking System Revenue Bonds)	39,188,825.81	-
Other Operating Revenues	6,193,414.89	27,512,108.00
Total Operating Revenues	155,025,419.45	27,512,108.00
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	238,907,206.65	1,512,746.00
Services and Supplies	75,657,113.46	31,489,452.00
Utilities and Communications	11,119,667.57	-
Scholarships, Fellowships, and Waivers	57,170,961.03	-
Depreciation	30,178,543.12	601,135.00
Total Operating Expenses	413,033,491.83	33,603,333.00
Operating Loss	(258,008,072.38)	(6,091,225.00)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	184,924,279.18	-
Federal and State Student Financial Aid	57,007,951.51	-
Noncapital Grants, Contracts, and Gifts	16,263,118.94	-
Investment Income	12,397,305.20	22,203,982.00
Other Nonoperating Revenues	10,073,852.04	10,249,216.00
Loss on Disposal of Capital Assets	(25,889.02)	-
Interest on Capital Asset-Related Debt	(7,856,028.44)	(14,789.00)
Other Nonoperating Expenses	(7,812,692.42)	(3,550,000.00)
Net Nonoperating Revenues	264,971,896.99	28,888,409.00
Income Before Other Revenues	6,963,824.61	22,797,184.00
State Capital Appropriations	42,671,162.00	-
Capital Grants, Contracts, Donations, and Fees	6,069,532.51	-
Additions to Permanent Endowments	-	5,023,844.00
Increase in Net Position	55,704,519.12	27,821,028.00
Net Position, Beginning of Year	325,514,903.92	243,573,387.00
Net Position, End of Year	\$ 381,219,423.04	\$ 271,394,415.00

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

UNIVERSITY OF NORTH FLORIDA
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2025

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 92,846,283.64
Grants and Contracts	15,502,013.92
Sales and Services of Educational Departments	811,617.10
Sales and Services of Auxiliary Enterprises	39,806,339.63
Payments to Employees	(239,237,952.89)
Payments to Suppliers for Goods and Services	(94,667,916.63)
Payments to Students for Scholarships and Fellowships	(57,170,961.03)
Other Operating Receipts	7,338,282.06
Net Cash Used by Operating Activities	(234,772,294.20)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	184,924,279.18
Federal and State Student Financial Aid	57,007,951.51
Noncapital Grants, Contracts, & Gifts	16,263,118.94
Federal Direct Loan Program Receipts	35,587,585.00
Federal Direct Loan Program Disbursements	(35,587,585.00)
Net Change in Funds Held for Others	7,697,611.13
Other Nonoperating Receipts	12,617,404.50
Net Cash Provided by Noncapital Financing Activities	278,510,365.26
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	10,630,000.00
Capital Grants, Contracts, Donations and Fees	5,836,840.39
Proceeds from Sale of Capital Assets	16,474.75
Purchase or Construction of Capital Assets	(90,467,491.55)
Principal Paid on Capital Debt and Leases	(8,892,107.94)
Interest Paid on Capital Debt and Leases	(7,188,340.03)
Interest Received on Capital Debt and Leases	82,410.03
Net Cash Used by Capital and Related Financing Activities	(89,982,214.35)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	57,693,333.59
Purchases of Investments	(5,879,328.50)
Investment Income	6,912,123.89
Net Cash Provided by Investing Activities	58,726,128.98
Net Increase in Cash and Cash Equivalents	12,481,985.69
Cash and Cash Equivalents, Beginning of Year	71,449,010.64
Cash and Cash Equivalents, End of Year	\$ 83,930,996.33

	<u>University</u>
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (258,008,072.38)
Adjustments to Reconcile Operating Loss	
to Net Cash Used by Operating Activities:	
Depreciation Expense	30,178,543.12
Changes in Assets, Liabilities, Deferred Outflows of Resources,	
and Deferred Inflows of Resources:	
Receivables, Net	37,713.53
Inventories	14,964.28
Other Assets	19,594.33
Accounts Payable	(7,925,694.21)
Salaries and Wages Payable	(1,784,528.96)
Deposits Payable	1,160,006.59
Compensated Absences Payable	473,135.06
Unearned Revenue	81,396.78
Other Postemployment Benefits Payable	19,560,711.52
Net Pension Liability	(1,458,176.00)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(19,771,393.44)
Deferred Inflows of Resources Related to Other Postemployment Benefits	1,083,438.58
Deferred Outflows of Resources Related to Pensions	(3,664,662.00)
Deferred Inflows of Resources Related to Pensions	5,230,729.00
	<u>\$ (234,772,294.20)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (234,772,294.20)</u>

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

Unrealized gains on investments were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 5,485,181.31
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.	\$ (25,889.02)
Donation 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.	\$ 232,692.12

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity. The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of 5 years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors' Regulations, and selecting the University President. The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees.

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

Blended Component Unit. Although it is legally separate from the University, the University of North Florida Financing Corporation, Inc. (Financing Corporation) is included within the University's reporting entity as a blended component unit. The Financing Corporation was created in October 2005 as a not-for-profit entity organized to receive, hold, invest, and administer property and to issue revenue bonds or other forms of indebtedness (finance or refinance capital projects) with the associated expenditures and debt service, exclusively for the University. An annual audit of the Financing Corporation is conducted by independent certified public accountants and is submitted to the Auditor General and the University Board of Trustees. Additional information on the Financing Corporation, including copies of its audit reports, is available by contacting the University Controller's Office. Condensed financial statements for the University's blended component unit are shown in a subsequent note.

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 authorize 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:

- University of North Florida Foundation, Inc. (Foundation) solicits, invests, administers, and distributes private gifts for the funding of activities and facilities directly related to the mission, role, and scope of the University. This organization provides funding and services to support and foster the pursuit of higher education at the University. Although the Foundation is chartered as a private not-for-profit corporation, it operates solely for the benefit of the University and its mission of teaching, research, and service. The Foundation serves as the vehicle whereby taxpayers who want to advance the cause of higher education and to pay more than their share of the cost of education may do so. The Foundation does not serve any private causes, but generally benefits the public.
- The University of North Florida Training and Service Institute, Inc. (TSI) conducts, accounts for, and reports on special educational and training programs and related specialized activities. TSI was organized for the purpose of providing training and service to assist the University in achieving excellence by providing supplemental resources from external sources and to provide valuable educational support services. In March 2010, the TSI Board of Directors met and approved the formation of UNF TSI Investments, LLC, as a wholly owned Florida limited liability corporation.
- Museum of Contemporary Art Jacksonville, Inc. (MOCA) operates a museum of contemporary art which also provides visual arts education and cultural resources to the University in furtherance of its mission and operations, and the University may add its own educational and outreach programs. MOCA serves the community and its visitors through exhibitions, collections, educational programs, and publications designed to enhance an understanding and appreciation of modern and contemporary art with particular emphasis of works created from 1960 to the present.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual report of each organization is submitted to the Auditor General and the University Board of Trustees. Additional information on the University's discretely presented 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.

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

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

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

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

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

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of capital assets, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, noncapital grants and gifts, 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 "Direct Method A" as prescribed in NACUBO Advisory Report 2023-01 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, using a high-level estimation by fiscal year.

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, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. The University and its blended component unit, the Financing Corporation, hold \$83,148,569 in money market funds which are permissible under the University's investment policy and were rated AAAM/Aaa-mf by Standard & Poor's and Moody's Investors Service, respectively. 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.

Capital Assets. University capital assets consist of land, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, leasehold improvements, right-to-use lease assets, and subscription-based information technology arrangements. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$5,000 for tangible personal property, \$100,000 for new buildings and building improvements, and \$4,000,000 for computer software. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 5 to 40 years
- Infrastructure and Other Improvements – 5 to 20 years
- Furniture and Equipment:
 - Equipment (Nonoffice) – 5 to 15 years
 - Computer Equipment – 2 to 10 years
 - Moveable Equipment – 3 to 20 years
- Library Resources – 5 to 10 years
- Leasehold Improvements – 5 to 15 years
- Right-to-Use Lease Assets – 7 to 12 years based on the term of the lease
- Subscription-Based Information Technology Arrangements (SBITA) – 5 years to 8 years based on the term of the SBITA

Capital assets of the University's discretely presented component units, if applicable, are recorded at cost. Donated items are stated at independent appraisal or estimated value at the date of donation. Depreciation is computed using the straight-line basis over the following estimated useful lives of the assets, as follows:

- Buildings – 25 years
- Leasehold Improvements – 5 to 20 years
- Furniture and Equipment – 3 to 10 years

Noncurrent Liabilities. Noncurrent liabilities include unearned revenue, bonds payable, capital improvement debt payable, loans and notes payable, right-to-use leases payable, subscription arrangements liability payable, compensated absences payable, other postemployment benefits payable,

and net pension liability that are not scheduled to be paid within the next fiscal year. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.

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

Leases and Subscription-Based Information Technology Arrangements (SBITA). The University determines if an arrangement is a lease or SBITA at inception. Lessee and SBITA arrangements are included in lease or SBITA assets and lease or SBITA liabilities in the statement of net position. Lease/SBITA assets represent the University's control of the right to use an underlying asset for the lease/subscription term, as specified in the contract, in an exchange or exchange-like transaction. Lease/SBITA assets are recognized at the commencement date based on the initial measurement of the lease/subscription liability, plus any payments made to the lessor/SBITA vendor at or before the commencement of the lease term and certain direct/implementation costs. Lease/SBITA assets are amortized in a systematic and rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset. Lease/SBITA liabilities represent the University's obligation to make lease/subscription payments arising from the lessee/subscription arrangement. Lease/SBITA liabilities are recognized at the commencement date based on the present value of expected lease/subscription payments over the lease term, less any lease/subscription incentives. Interest expense is recognized ratably over the contract term. The lease/subscription term may include options to extend or terminate the lease/subscription when it is reasonably certain that the University will exercise that option. Payments for short-term leases/subscriptions with a lease/subscription term of 12 months or less are recognized as expenses as incurred. The University has a materiality threshold of \$100,000 of total contract payments for leases, and \$1,000,000 of total contract subscription payments for SBITA. Short-term leases/subscriptions and leases/subscriptions under the materiality threshold are not included as lease/subscription liabilities or right-to-use lease/subscription assets on the statement of net position.

Lessor arrangements are included in lease receivables and deferred inflows of resources in the statements 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 commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term. Deferred inflows or resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term 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 term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. The University recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are

received. The University has a materiality threshold of \$100,000 of payments in a year for leases. Short-term leases and leases under the materiality threshold are not included as lease receivables or deferred inflows on the statement of net position.

2. Accounting Changes

Change in Accounting Principle. The University implemented GASB Statement No. 101, *Compensated Absences*, whose objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective was achieved by aligning the recognition and measurement guidance under a unified model and by amending previously required note disclosures. The implementation of GASB Statement No. 101 did not result in a restatement to beginning net position.

Change in Accounting Estimate. NACUBO issued Advisory Report (AR) 2023-01, *Public Institutions: Accounting for and Reporting Financial Aid as a Discount*, which supersedes the former AR 2000-05. As prescribed in the NACUBO Advisory Report, the University elected to use the “Direct Method” rather than the prior “Alternate Method” for determining the net scholarship discounts and allowances. The Direct Method is a case-by-case methodology used to specifically identify and apply financial aid and institutional resources to student accounts receivable. In contrast, the Alternate Method is an allocation methodology used to prorate financial aid and institutional resources to student accounts receivable using a ratio of total aid to aid not considered third-party aid. For the fiscal year ended June 30, 2025, the University calculated a net scholarship discount and allowance of \$35.7 million using the Direct Method. There was no effect to beginning net position.

3. Deficit Net Position in Individual Funds

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

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (179,634,564.70)
Auxiliary Funds	<u>62,734,101.66</u>
Total	<u>\$ (116,900,463.04)</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 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 Board of Trustees as authorized by law. 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.

All of the University's recurring fair value measurements as of June 30, 2025, are valued using quoted market prices (Level 1 inputs), with the exception of corporate bonds and notes and Obligations of United States Government Agencies and Instrumentalities which are valued using a matrix pricing model (Level 2 inputs) and investments with the State Treasury which are valued based on the University's share of the pool (Level 3 inputs).

The University's investments at June 30, 2025, are reported as follows:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 45,396.65	\$ -	\$ -	\$ 45,396.65
SBA Debt Service Accounts	285,095.28	285,095.28	-	-
United States Treasury Securities	54,544,819.68	54,544,819.68	-	-
Obligations of United States Government Agencies and Instrumentalities	9,820,602.54	-	9,820,602.54	-
Bonds and Notes	42,937,816.49	-	42,937,816.49	-
Other Investments (1)	347,983.47	347,983.47	-	-
Total investments by fair value level	<u>107,981,714.11</u>	<u>\$ 55,177,898.43</u>	<u>\$ 52,758,419.03</u>	<u>\$ 45,396.65</u>
Investments at amortized cost				
SBA Florida PRIME	<u>17,285,276.25</u>			
Total investments	<u>\$ 125,266,990.36</u>			

(1) Other investments are comprised of a target retirement fund held by Teachers Insurance and Annuity Association. Investment is part of a deferred employee compensation package.

External Investment Pools. The University reported investments at fair value totaling \$45,396.65 at June 30, 2025, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57,

Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.33 years, and fair value factor of 1.0030 at June 30, 2025. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

At June 30, 2025, the University reported investments totaling \$17,285,276.25 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The University's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard & Poor's and had a weighted-average days to maturity (WAM) of 47 days as of June 30, 2025. A portfolio's WAM reflects the average maturity in days, based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

Section 218.409(8)(a), Florida Statutes, provides that "the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

State Board of Administration Debt Service Accounts. The University reported investments totaling \$285,095.28 at June 30, 2025, 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 6 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.

Other Investments. The University’s other investments consisted of various debt securities totaling \$107,651,222.18 at June 30, 2025. The following risks apply to those University investments.

Interest Rate Risk: Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The University’s investment policy generally requires that the investment portfolio be maintained with short-term maturities to provide sufficient liquidity to pay obligations as they come due, based on anticipated cash-flow requirements, and includes certain restrictions on specific investment durations up to a maximum of 10 years. Investment maturities at June 30, 2025, were as follows:

Investments Type	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1-5	6-10
United States Treasury Securities	\$ 54,544,819.68	\$ 405,797.33	\$ 47,148,542.18	\$ 6,990,480.17
Obligations of United States Government				
Agencies and Instrumentalities	9,820,602.54	5,378,378.89	4,442,223.65	-
Bonds and Notes	42,937,816.49	3,739,360.37	30,526,684.50	8,671,771.62
Other Investments	347,983.47	-	347,983.47	-
Total	\$ 107,651,222.18	\$ 9,523,536.59	\$ 82,465,433.80	\$ 15,662,251.79

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. United States Treasury Securities or obligations explicitly guaranteed by the United States Government are not considered to have credit risk and do not require disclosure of credit quality. At June 30, 2024, the University had \$54,544,819.68 of these investments. The University’s investment policy requires that the portfolio provide specific types of investments that may be purchased, including credit quality guidelines, where applicable, and maintain a total average quality rating of “AA” or higher. At June 30, 2025, the University had obligations of United States Government agencies and instrumentalities and bonds and notes with quality ratings by nationally recognized rating agencies, as follows:

Investments by fair value level	Fair Value	Credit Quality Rating (1)		
		AAA	AA	A
Obligations of United States Government				
Agencies and Instrumentalities	\$ 9,820,602.54	\$ -	\$ 9,820,602.54	\$ -
Bonds and Notes	42,937,816.49	4,220,928.49	5,248,403.95	33,468,484.05
Total	\$ 52,758,419.03	\$ 4,220,928.49	\$ 15,069,006.49	\$ 33,468,484.05

(1) The credit quality ratings are from Standard and Poor’s or Moody’s.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. Exposure to custodial risk relates to investment securities that are held by someone other than the entity and are not registered in the entity’s name. All University investments are held in safekeeping by a third-party custodian.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University policy states that a maximum of 5 percent of the Fund may be invested in securities of any single issuer, except that obligations of United States Government agencies and instrumentalities are not subject to the limitations.

Discretely Presented Component Units Investments. Investments held by the University's discretely presented component units are reported at fair value and consist of United States Government and Federal agency securities, corporate bonds, various mutual funds holding domestic and foreign debt, equities, hedge funds, private equity funds, and real assets funds.

The Foundation reported investments totaling \$185,515,568. The Foundation's investment policy states equity securities will be broadly diversified (e.g., country, economic sector, industry, etc.) to minimize the impact during sudden and severe market downturns, as equity markets have historically displayed a high degree of such correlation during these periods. The role of hedge funds and private equity is to reduce the overall volatility of the equity fund performance. Fixed-income securities will be diversified among different sectors of the fixed-income market. The principal purpose of the fixed-income fund will be to reduce risk by reducing the overall volatility of the investment returns and to serve as a partial hedge against periods of prolonged economic contraction. The fixed-income objective is to preserve principal during periods of deflation, provide a source of current income, and reduce overall portfolio volatility. These portfolios are primarily domestically focused but do include exposure to international and emerging markets' debt as well. Decisions as to individual security selection, security size and quality, etc., will be left to broad manager discretion.

As of June 30, 2025, the Foundation had 86 percent (\$159,423,997) of its total portfolio invested in global equities and fixed-income funds, private equity funds and an absolute return fund. The Foundation's investments are subject to various risk factors including interest rate, credit, custodial credit, concentration of credit, and foreign currency risks, which are discussed in the following paragraphs. Additional information is contained in the Foundation's audit reports for the fiscal years ended June 30, 2025, and June 30, 2024, and may be obtained from the Director, University of North Florida TSI/Foundation Accounting, UNF Hall, Suite 2900, 1 UNF Drive, Jacksonville, Florida 32224-2648.

The TSI, reported investments totaling \$2,517,488. The TSI's investment policy requires equity securities to be limited to investments in publicly traded securities on a major stock exchange or NASDAQ, with no more than 7 percent of the market value of an investment manager's equity portfolio invested in the shares of a single corporate issuer, and no more than 5 percent of the market value of the total equity portfolio invested in shares of companies that have been publicly traded for less than 1 year. For fixed income securities, the investment policy provides that securities be rated "A" or higher by Moody's Investors Service or Standard & Poor's rating services; no more than 10 percent of the market value of the total fixed income portfolio be invested in the securities of any single corporate issuer; no more than 20 percent of the market value of the total fixed income portfolio be invested in collateralized mortgage obligations (CMOs) and are restricted to those issues that are currently paying interest, receiving principal pay-downs, and do not contain leverage; and no more than 25 percent of the total fixed-income portfolio be invested in securities issued by foreign governments or corporations. There is no limit on investments in securities issued directly by the United States Government or any agency or instrumentality thereof. The TSI's investment policy prohibits investments in interest only or principal only CMOs, interest rate

swaps, precious metals, limited partnerships of any kind, real estate, venture capital, futures contracts, or options contracts in individually managed portfolios. Trading on margin and short selling are also prohibited. The TSI does not have a formal policy limiting the duration of mid-term and long-term investments.

MOCA reported investments totaling \$9,723,883. MOCA's investments consist of United States Treasury Securities.

On January 28, 1991, MOCA entered into a trust agreement with the State of Florida, Department of State, creating a \$600,000 fine arts endowment matching fund program. In managing the investments of the fine arts endowment fund, MOCA must comply with an established investment plan specified by the State of Florida, Department of State, which requires the preservation of the \$600,000 program fund. MOCA may expend funds generated from the endowment program fund only for operating costs incurred while engaged in programs directly related to fine arts activities. The balance of the endowment at June 30, 2025, was \$103,000, which is included in MOCA's investment total reported above, and in MOCA's restricted cash and cash equivalents.

The estimated fair value of the Foundation, TSI, and MOCA investments was based on valuations provided by external investment managers at June 30, 2025, and consisted of the following:

<u>Investment Type</u>	<u>Amount</u>
United States Government Bonds and Federal Agency Securities	\$ 9,090,146
Corporate Bonds	4,330,969
Fixed Income Mutual Fund	929,292
Equity Mutual Funds	3,121,315
Stocks	37,622
Absolute Return and Hedge Funds	13,786,659
Global Equities Fund	95,655,564
Global Fixed Income Fund	10,595,423
Private Equity Funds	39,386,351
Real Assets Fund	<u>20,823,598</u>
Total Foundation, TSI, and MOCA Investments	<u>\$197,756,939</u>

All of the University's discretely presented component units have provided additional information about fair value measurements which are based on the assumptions that market participants would use when pricing an asset or liability. A fair value hierarchy was established that prioritizes that information used to develop these assumptions.

The University's discretely presented component units' investments at June 30, 2025, are reported as follows:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
United States Government Bonds and Federal Agency Securities	\$ 9,090,146	\$ -	\$ 9,090,146	\$ -
Corporate Bonds	4,330,969	-	4,330,969	-
Fixed Income Mutual Funds	929,292	929,292	-	-
Equity Mutual Funds	3,121,315	3,121,315	-	-
Stocks	37,622	37,622	-	-
Total Foundation, TSI, and MOCA Investments by fair value level	17,509,344	\$ 4,088,229	\$ 13,421,115	\$ -
Investments measured at the net asset value (NAV)				
Absolute return and hedge funds	13,786,659			
Global equities funds	95,655,564			
Global fixed income funds	10,595,423			
Private equity funds	39,386,351			
Real assets funds	20,823,598			
Total investments measured at NAV	180,247,595			
Total Foundation, TSI, and MOCA Investments measured at fair value	\$ 197,756,939			

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

Investments measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Absolute return and hedge funds	\$ 13,786,659	\$ -	Monthly, Quarterly, Semi-Annually, Annually	45 - 105 days
Global equities funds	95,655,564	-	Monthly, Quarterly, Semi-Annually, Annually	30 - 90 days
Global fixed income funds	10,595,423	-	Daily, Bi-monthly, Monthly, Quarterly	5 - 60 days
Private equity funds	39,386,351	14,861,277	None	None
Real assets Funds	20,823,598	9,440,086	Quarterly	60 days
Total investments measured at the NAV	\$ 180,247,595	\$ 24,301,363		

Interest Rate Risk: Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The Foundation, TSI, and MOCA do not have formal investments policies that limit the duration of investments. However, the University component units manage exposure to declines in fair value occurring from increasing interest rates through the specific identification method and maintaining diversification of investments and investment maturities so as to minimize the impact of downturns in the market. Investments of these component units by investment type and their future maturities at June 30, 2025, are as follows:

Investment Type	Investment Maturities (In Years)		
	Fair Value	Less Than 1	1-5
United States Government Bonds and Federal Agency Securities	\$ 9,090,146	\$ 2,824,139	\$ 6,266,007
Corporate Bonds	4,330,969	910,458	3,420,511
Total Foundation, TSI, and MOCA Investments	\$13,421,115	\$ 3,734,597	\$ 9,686,518

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation and MOCA have no formal investment policies on credit risk. The TSI's investment policy provides that fixed-income securities shall be rated "A" or higher by Moody's Investors Service or Standard & Poor's rating services. At June 30, 2025, the credit quality ratings of the component units' investments are as follows:

Investment Type	Fair Value	Credit Quality Rating (1)				
		AAA	AA	A	BBB	Unrated
United States Government Bonds and Federal Agency Securities	\$ 9,090,146	\$ 1,328,907	\$ 7,466,148	\$ -	\$ -	\$ 295,091
Corporate Bonds	4,330,969	280,151	623,160	3,224,361	203,297	-
Fixed Income Mutual Funds	929,292	-	-	-	-	929,292
Equity Mutual Funds	3,121,315	-	-	-	-	3,121,315
Stock	37,622	-	-	-	-	37,622
Absolute Return and Hedge Funds	13,786,659	-	-	-	-	13,786,659
Global Equities Fund	95,655,564	-	-	-	-	95,655,564
Global Fixed Income Fund	10,595,423	-	-	-	-	10,595,423
Private Equity Funds	39,386,351	-	-	-	-	39,386,351
Real Assets Fund	20,823,598	-	-	-	-	20,823,598
Total Foundation, TSI, and MOCA Investments	\$ 197,756,939	\$ 1,609,058	\$ 8,089,308	\$ 3,224,361	\$ 203,297	\$ 184,630,915

(1) The credit quality ratings are from Standard & Poor's.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. Exposure to custodial risk relates to investment securities that are held by someone other than the University or its component units and are not registered in the University's or its component units' names. The Foundation, TSI, and MOCA do not have formal investment policies that address custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Foundation's investment policy provides that with the exception of obligations of the U.S. Government and its agencies, no purchase will be made that will cause more than 5 percent of the fixed-income fund to be invested in the securities of any one issuer. The TSI's investment policy provides for investments in equity securities of not more than 7 percent (at cost) in one corporate issuer, and investments in fixed-income securities of not more than 10 percent (at cost) in one corporate issuer. MOCA does not have a formal investment policy that addresses concentration of credit risk.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The TSI's investment policy limits its investments in fixed-income securities of foreign issuers to 25 percent of its fixed-income portfolio. The TSI does not have a formal

investment policy that addresses foreign currency risk for other types of investments. The Foundation and MOCA do not have formal investment policies that address foreign currency risk.

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. As of June 30, 2025, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 9,376,951.62
Due from Other Governmental Units	4,940,728.00
Contracts and Grants	2,608,382.03
Student Housing Rentals	2,404,754.05
Due from Component Units	1,624,853.05
Other Auxiliary Enterprises	1,318,013.26
Parking	209,236.28
Other	474,083.01
Total Accounts Receivable	<u><u>\$ 22,957,001.30</u></u>

Leases Receivable. The University leases space to external parties for various terms. During the fiscal year ended June 30, 2025, lease revenue totaling \$168,428.98 and interest revenue totaling \$82,410.03 were recognized in accordance with GASB Statement No. 87, *Leases*. A deferred inflow of resources was recorded for \$1,707,741.60. Total minimum payments 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>
2026	\$ 94,891.00	\$ 79,249.63	\$ 174,140.63
2027	77,572.54	76,225.21	153,797.75
2028	58,576.49	74,052.78	132,629.27
2029	64,287.76	71,783.89	136,071.65
2030	41,495.08	69,583.91	111,078.99
2031-2035	222,315.21	318,127.68	540,442.89
2036-2040	333,156.48	250,189.83	583,346.31
2041-2045	528,235.14	140,497.11	668,732.25
2046-2049	275,122.05	16,853.07	291,975.12
Total Leases Receivable	<u><u>\$ 1,695,651.75</u></u>	<u><u>\$ 1,096,563.11</u></u>	<u><u>\$ 2,792,214.86</u></u>

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 are reported net of allowances of \$489,458.80 at June 30, 2025.

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

Component Units' Pledges Receivable, Net. The Foundation accounts for pledges in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB Statement No. 33 establishes reporting standards for nonexchange transactions, which in the case of the Foundation are restricted pledges to be contributed in the future. Pledges receivable are reported at estimated net realizable value, and reported in current and long-term portions, net of appropriate allowances and present value discounts of \$698,812.

6. Due From State

The amount due from State consists of \$74,841,080 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations due from the State to the University for construction of University facilities.

7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2025, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 20,929,295.83	\$ -	\$ -	\$ 20,929,295.83
Construction in Progress	58,780,743.46	82,927,605.24	27,699,202.61	114,009,146.09
Subscription-Based Information Technology Arrangements in Progress	11,631,414.01	-	11,631,414.01	-
Total Nondepreciable Capital Assets	\$ 91,341,453.30	\$ 82,927,605.24	\$ 39,330,616.62	\$ 134,938,441.92
Depreciable Capital Assets:				
Buildings	644,201,402.81	22,870,068.51	-	667,071,471.32
Infrastructure and Other Improvements	82,640,428.17	4,829,134.10	-	87,469,562.27
Furniture and Equipment	45,294,257.09	4,606,549.82	73,648.14	49,827,158.77
Library Resources	40,342,664.58	8,937.87	-	40,351,602.45
Leasehold Improvements	4,553,791.64	275,308.63	-	4,829,100.27
Right-to-Use Lease Assets	4,152,208.47	-	-	4,152,208.47
Subscription-Based Information Technology Arrangements	1,473,507.74	26,609,017.35	-	28,082,525.09
Total Depreciable Capital Assets	822,658,260.50	59,199,016.28	73,648.14	881,783,628.64
Less, Accumulated Depreciation:				
Buildings	307,850,623.09	18,544,929.91	-	326,395,553.00
Infrastructure and Other Improvements	48,542,567.73	3,629,724.97	-	52,172,292.70
Furniture and Equipment	32,289,563.12	3,999,913.74	53,618.31	36,235,858.55
Library Resources	40,326,137.51	11,490.01	-	40,337,627.52
Leasehold Improvements	923,256.06	204,233.03	-	1,127,489.09
Right-to-Use Lease Assets	1,039,619.17	387,259.56	-	1,426,878.73
Subscription-Based Information Technology Arrangements	221,026.14	3,400,991.90	-	3,622,018.04
Total Accumulated Depreciation	431,192,792.82	30,178,543.12	53,618.31	461,317,717.63
Total Depreciable Capital Assets, Net	\$ 391,465,467.68	\$ 29,020,473.16	\$ 20,029.83	\$ 420,465,911.01

Capital assets activity for the University's discretely presented component units for the fiscal year ended June 30, 2025, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 33,537,556	\$ -	\$ -	\$ 33,537,556
Depreciable Capital Assets:				
Buildings	\$ 14,550,634	\$ -	\$ -	\$ 14,550,634
Leasehold Improvements	6,007,707	-	-	6,007,707
Furniture and Equipment	405,578	-	-	405,578
Total Depreciable Capital Assets	20,963,919	-	-	20,963,919
Less, Accumulated Depreciation:				
Buildings	8,030,854	582,025	-	8,612,879
Leasehold Improvements	5,908,998	25,270	-	5,934,268
Furniture and Equipment	405,577	-	-	405,577
Total Accumulated Depreciation	14,345,429	607,295	-	14,952,724
Total Depreciable Capital Assets, Net	\$ 6,618,490	\$ (607,295)	\$ -	\$ 6,011,195

8. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2025, include unearned revenue, bonds payable, capital improvement debt payable, loans and notes payable, right-to-use leases payable, subscription arrangements liability payable, compensated absences payable, other postemployment benefits payable, and net pension liability. Long-term liabilities activity for the fiscal year ended June 30, 2025, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Unearned Revenue	\$ 408,333.33	\$ -	\$ 75,000.00	\$ 333,333.33	\$ 20,833.33
Bonds Payable	60,768,801.49	-	4,743,806.72	56,024,994.77	4,090,000.00
Capital Improvement Debt Payable	91,312,959.17	-	896,359.59	90,416,599.58	1,955,000.00
Loans and Notes Payable	36,879,568.58	-	3,321,350.05	33,558,218.53	2,908,549.41
Right-to-Use Leases Payable	3,165,620.22	-	415,757.89	2,749,862.33	428,403.58
Subscription Arrangements Liability Payable	1,473,507.74	13,235,508.35	1,784,043.09	12,924,973.00	1,764,735.19
Compensated Absences Payable	24,538,476.86	10,924,727.74	10,451,592.68	25,011,611.92	3,952,286.89
Other Postemployment Benefits Payable	108,151,652.48	25,615,243.80	6,054,532.28	127,712,364.00	3,549,717.28
Net Pension Liability	102,828,536.00	20,447,655.00	21,905,831.00	101,370,360.00	102,812.00
Total Long-Term Liabilities	\$ 429,527,455.87	\$ 70,223,134.89	\$ 49,648,273.30	\$ 450,102,317.46	\$ 18,772,337.68

Bonds Payable. Revenue Bonds were issued to construct University facilities, including student housing and student union facilities. Bonds outstanding, which include both term and serial bonds, are secured by a pledge of housing rental revenues and an assessed student union fee based on credit hours. These bonds were direct placements, and in the event of default, the trustee may exercise one or more of the rights and powers conferred in the trust indenture at the request of at least 25 percent of the bondholders. However, the bonds are not subject to acceleration in the event of default.

On August 23, 2016, the Financing Corporation issued bonds (Student Union Project), Series 2016, in the amount of \$17,920,000 to advance refund the outstanding Series 2007 bonds. On November 23, 2016, the Financing Corporation issued bonds (Student Housing Project), Series 2016, in the amount of \$67,930,000 and a Capital Improvement Refunding Revenue Note (Student Housing

Project), Series 2016, in the amount of \$50,000,000 to advance refund the outstanding Series 2007 bonds and prepay the outstanding balance on a loan for The Flats at Kernan student housing complex.

As a condition of the financing arrangements, the University entered into ground sublease and operating lease agreements dated June 1, 2007, with the Financing Corporation. Under the ground sublease agreements, the University leased the land and facilities to the Financing Corporation in exchange for prepaid rent. The land covered by the ground sublease agreements, together with the improvements thereon, was leased back to the University to manage and operate under the separate operating lease agreements. The operating lease agreements require that the University pay all debt payments, including principal, interest, fees, and charges over the lease term in accordance with the related bond documents (base rent), and all other operating costs of the premises (additional rent). The agreements terminate on November 1, 2037, or the date on which the Series 2016 refunding bonds and notes are fully paid or canceled. Net revenues from the student residence facilities are pledged to pay the Student Housing Project rents, and a portion of the University's activity and service fees revenues are pledged to pay the Student Union Project rents. As principal payments are made on the Student Housing and Student Union Projects bonds, the prepaid rent is amortized as shown in Note 15., the University reported remaining prepaid rent payable to the Financing Corporation of \$42,359,663 at June 30, 2025.

The University had the following bonds payable outstanding at June 30, 2025:

<u>Bond Type and Series</u>	<u>Amount of Original Debt</u>	<u>Amount Outstanding (1)</u>	<u>Interest Rates (Percent)</u>
Capital Improvement Revenue Bonds:			
Direct Borrowings and Direct Placements:			
Student Union Project, Series 2016, Refunding	\$ 17,920,000.00	\$ 12,265,000.00	3 - 5
Housing Project, Series 2016, Refunding	<u>67,930,000.00</u>	<u>40,660,000.00</u>	3 - 5
Total Capital Improvement Revenue Bonds	<u>85,850,000.00</u>	<u>52,925,000.00</u>	
Add: Unamortized Bond Premiums	<u>-</u>	<u>3,099,994.77</u>	
Total Capital Improvement Revenue Bonds Payable	<u>\$ 85,850,000.00</u>	<u>\$ 56,024,994.77</u>	

Annual requirements to amortize all bonds payable outstanding as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 4,090,000.00	\$ 2,051,918.76	\$ 6,141,918.76
2027	4,190,000.00	1,902,209.39	6,092,209.39
2028	4,300,000.00	1,744,150.02	6,044,150.02
2029	4,100,000.00	1,591,600.01	5,691,600.01
2030	4,190,000.00	1,435,975.00	5,625,975.00
2031-2035	21,075,000.00	4,602,050.00	25,677,050.00
2036-2038	<u>10,980,000.00</u>	<u>633,850.00</u>	<u>11,613,850.00</u>
Subtotal	52,925,000.00	13,961,753.18	66,886,753.18
Add: Unamortized Bond Premiums	<u>3,099,994.77</u>	<u>-</u>	<u>3,099,994.77</u>
Total	<u>\$ 56,024,994.77</u>	<u>\$ 13,961,753.18</u>	<u>\$ 69,986,747.95</u>

Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2025:

<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>
Capital Improvement Debt				
2021A - Student Wellness Center	\$ 8,875,000.00	\$ 6,565,000.00	5	11-01-2032
2023A - Dormitory Project	<u>80,925,000.00</u>	<u>80,925,000.00</u>	5	11-01-2053
Total Capital Improvement Debt	<u>89,800,000.00</u>	<u>87,490,000.00</u>		
Add: Unamortized Bond Premium	<u>-</u>	<u>2,926,599.58</u>		
Total Capital Improvement Debt	<u>\$ 89,800,000.00</u>	<u>\$ 90,416,599.58</u>		

On July 13, 2021, the Board of Governors issued \$8,875,000 of University of North Florida Mandatory Student Fee Revenue Bonds (Series 2021A – Student Wellness Center) to directly advance refund \$11,070,000 of outstanding University of North Florida Mandatory Student Fee Revenue Bonds, Series 2010B Build America Bonds (Federally Taxable-Issuer Subsidy).

The University has pledged a portion of future Student Wellness Center fees to repay \$6,565,000 in capital improvement bonds issued by the Florida Board of Governors on behalf of the University. The bonds are payable solely from Student Wellness Center fee assessments. The University has committed to appropriate each year from the Student Wellness Center fee assessment amounts sufficient to cover the principal and interest requirements on the debt. Principal and interest paid for the current fiscal year totaled \$994,500. During the 2024-25 fiscal year, Student Wellness Center fee assessments totaled \$1,292,776.32.

On November 30, 2023, the Florida Board of Governors, on behalf of the University, issued \$80,925,000 of Student Housing Revenue Bonds, Series 2023A to finance the acquisition, construction, and equipping of a new dormitory facility, fund capitalized interest, and the cost of issuance. The net proceeds of \$81,471,697.20 (after payment of \$336,504 in underwriting fees and other issuance costs) were placed in accounts with the SBA to fund construction costs (\$75,728,270.11) and capitalized interest (\$5,743,427.09) on the project. The bonds were issued with an interest rate of 5 percent and mature on November 1, 2053. The bonds are secured by a pledge of housing rental and other revenues generated by the new dormitory facility as well as surplus revenues (net operating revenues remaining after payment of required debt obligations) of the University’s existing housing system. The Financing Corporation has covenanted that, as long as the 2023A bonds are outstanding, it will not issue any new debt obligations related to the Housing System and that no additional housing facilities will be added to those securing the prior debt obligations. Principal payments are due annually on November 1, beginning November 1, 2025, and interest payments are due semi-annually on May 1 and November 1, beginning May 1, 2024.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,955,000.00	\$ 4,325,625.00	\$ 6,280,625.00
2027	2,055,000.00	4,225,375.00	6,280,375.00
2028	2,160,000.00	4,120,000.00	6,280,000.00
2029	2,275,000.00	4,009,125.00	6,284,125.00
2030	2,390,000.00	3,892,500.00	6,282,500.00
2031-2035	11,820,000.00	17,597,000.00	29,417,000.00
2036-2040	11,610,000.00	14,815,500.00	26,425,500.00
2041-2045	14,915,000.00	11,516,875.00	26,431,875.00
2046-2050	19,145,000.00	7,279,875.00	26,424,875.00
2051-2054	19,165,000.00	1,976,125.00	21,141,125.00
Subtotal	87,490,000.00	73,758,000.00	161,248,000.00
Net Discounts and Premiums	2,926,599.58	-	2,926,599.58
Total	\$ 90,416,599.58	\$ 73,758,000.00	\$ 164,174,599.58

Loans and Notes Payable. In November 2013, the Financing Corporation purchased a 67,224 square foot warehouse on a parcel of land adjacent to the University and entered into a loan agreement for \$2,724,915 with a fixed interest rate of 2.32 percent. Principal and interest payments of \$25,505.82 are made monthly over the 10-year term of the note.

In December 2014, the Financing Corporation entered into a loan agreement with the Foundation for \$1,200,000 with a fixed interest rate of 3 percent for funds to be used for improvement and renovation of the warehouse. Principal and interest payments of \$34,848.85 are made quarterly over the 10-year term of the note.

As noted under Bonds Payable above, on November 23, 2016, the Financing Corporation issued a \$50,000,000 Capital Improvement Refunding Revenue Note, Series 2016, in connection with the advance refunding of outstanding Capital Improvement Revenue Bonds (Student Housing Project), Series 2007, and prepayment of the loan for The Flats at Kernan student housing complex. The note has a fixed interest rate of 2.67 percent, with principal payments ranging from \$2,100,000 to \$2,815,000 made annually, and interest payments made semi-annually, paid solely from funds derived from pledged housing revenues over the remaining term of the note.

On January 31, 2018, the Financing Corporation entered into a fixed rate loan agreement in the amount of \$5,500,000, authorizing the refunding of the Remarketed Parking System Bonds, Series 1998, which resulted in a defeasance of the variable rate revenue bonds. The proceeds from the fixed rate loan were used to refund the outstanding principal of the remarketed Parking System Bonds, Series 1998, of \$5,500,000. The loan is collateralized by Parking System revenues and the principal and interest payments are due the first day of each month in the amount of \$53,272 at a fixed interest rate of 2.71 percent per annum through to the maturity date of January 1, 2028. The covenants of the Parking System loan require the University to charge such rates and fees for use of the Parking System to produce pledged revenues sufficient to pay 100 percent of the costs of operation and maintenance of the facility plus 120 percent of debt service during each year.

The provisions of the various loan and note agreements generally provide that, in the event of default, the outstanding principal amount of the loan or note shall become immediately due and payable to the lender. The Financing Corporation had the following loans and notes payable outstanding at June 30, 2025:

<u>Description</u>	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Direct Borrowing and Direct Placements:				
Warehouse Improvements and Renovations	\$ 68,919.25	\$ 68,919.25	\$ -	\$ -
Student Housing Refunding Revenue Note, Series 2016	34,630,000.00	2,665,000.00	31,965,000.00	2,305,000.00
Parking System, Fixed Interest Rate Loan	2,180,649.33	587,430.80	1,593,218.53	603,549.41
Total Loans and Notes Payable	\$ 36,879,568.58	\$ 3,321,350.05	\$ 33,558,218.53	\$ 2,908,549.41

Annual requirements to amortize the outstanding notes as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,908,549.41	\$ 858,410.02	\$ 3,766,959.43
2027	3,040,110.32	778,770.36	3,818,880.68
2028	2,909,558.80	696,745.18	3,606,303.98
2029	2,405,000.00	627,383.25	3,032,383.25
2030	2,535,000.00	561,434.25	3,096,434.25
2031-2035	13,200,000.00	1,771,945.50	14,971,945.50
2036-2038	6,560,000.00	267,400.50	6,827,400.50
Total	\$ 33,558,218.53	\$ 5,562,089.06	\$ 39,120,307.59

Right-to-Use Leases Payable. The University follows GASB Statement No. 87, *Leases*. Space is leased from Barnett Tower Master Tenant, LLC, in the amount of \$3,174,932.61. Equipment is leased from Ricoh, USA, Inc. and National Cooperative Leasing in the amount of \$977,275.86. The imputed interest rate is 3 percent for Barnett Tower Master Tenant, LLC and Ricoh, USA, Inc. Future minimum payments under the lease agreements and the present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 505,040.76	\$ 428,403.58	\$ 76,637.18
2027	505,040.76	441,433.89	63,606.87
2028	328,116.76	275,932.80	52,183.96
2029	306,037.98	261,390.22	44,647.76
2030	319,344.00	282,932.22	36,411.78
2031-2034	1,117,704.00	1,059,769.62	57,934.38
Total Minimum Lease Payments	\$ 3,081,284.26	\$ 2,749,862.33	\$ 331,421.93

Subscription Arrangement Liability. The University follows GASB Statement No. 96, *Subscription- Based Information Technology Arrangements*. The University has a 5-year subscription- based information technology arrangement (SBITA) for the right to use of Ellucian Company LP software totaling \$1,473,507.74. The imputed interest rate is 5 percent for Ellucian Company LP. Future minimum payments under SBITA and present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 386,750.00	\$ 326,253.15	\$ 60,496.85
2027	415,485.00	371,679.85	43,805.15
2028	252,396.00	227,606.73	24,789.27
2029	270,064.00	256,919.51	13,144.49
Total	\$ 1,324,695.00	\$ 1,182,459.24	\$ 142,235.76

The University has a 10-year SBITA for the right to use Workday software totaling \$10,536,874.25. The imputed interest rate is 5 percent for the Workday Human Capital Management system. Future minimum payments under SBITA and present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,728,643.00	\$ 1,189,556.52	\$ 539,086.48
2027	1,763,215.00	1,284,988.48	478,226.52
2028	1,798,481.00	1,385,996.94	412,484.06
2029	1,834,450.00	1,492,876.18	341,573.82
2030	1,871,139.00	1,605,943.56	265,195.44
2031-2035	3,855,296.00	3,577,512.57	277,783.43
Total	\$ 12,851,224.00	\$ 10,536,874.25	\$ 2,314,349.75

The University has a 7-year SBITA for the right to use Workday software totaling \$1,205,639.51. The imputed interest rate is 5 percent for Workday Agreement. Future minimum payments under SBITA and present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 278,181.00	\$ 248,925.52	\$ 29,255.48
2027	202,853.00	153,905.69	48,947.31
2028	179,084.00	138,010.81	41,073.19
2029	182,666.00	148,653.70	34,012.30
2030	186,319.00	159,912.10	26,406.90
2031	383,892.00	356,231.69	27,660.31
Total	\$ 1,412,995.00	\$ 1,205,639.51	\$ 207,355.49

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. Compensated absences are estimated and accrued as liabilities to the extent that it is more likely than not that the leave will be used

for time off or otherwise paid in cash or settled through noncash means. 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, 2025, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$25,011,611.92. The current portion of the compensated absences liability, \$3,952,286.89, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used or paid upon termination to the total hours over the last 5 years calculated as a percentage of the total accrued leave liability as of June 30, 2025.

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 funding the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

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

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of \$127,712,364 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2024. At June 30, 2024, the

University's proportionate share, determined by its proportion of total benefit payments made, was 1.252 percent, which was a decrease of 0.040 from its proportionate share reported as of June 30, 2023.

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

Inflation	2.40 percent
Salary increases	Varies by FRS Class
Discount rate	4.21 percent
Healthcare cost trend rates	
Preferred Provider Option Plan	7.86 percent for 2025, decreasing to an ultimate rate of 4.00 percent for 2075 year and later years
Health Maintenance Organization Plan	7.68 percent for 2025, decreasing to an ultimate rate of 4.00 percent for 2075 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

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

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

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

The following changes have been made since the prior valuation:

- Census Data – The census data reflects changes in status for the 24-month period since July 1, 2022.
- DROP Participation Period – The maximum DROP participation period was extended from 60 months (5 years) to 96 months (8 years) for all groups.
- DROP Entry Window – There were previously constraints on when a member could enter DROP after becoming retirement eligible. These constraints were removed.
- Special Risk Eligibility for Those Hired on and after July 1, 2011 – Eligibility was updated for this group. Previously, members became eligible at age 60 with 8 years of credited service or with 30 years of credited service. Eligibility is now age 55 with 8 years of credited service or with 25 years of credited service.
- Retirement and DROP Participation Rates – Retirement rates and DROP entry rates were updated in alignment with the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2023.

- **Claims Costs and Premium Rates** – The assumed claims and premiums reflect the actual claims information that was provided as well as the premiums that are actually being charged to participants. The recent claims experience along with changes in the demographics of the population resulted in pharmacy claims costs higher than projected and lower premium rates than expected. The net result was an increase in liabilities due to claims and premiums as of June 30, 2024.
- **Health Care Cost Aging Factors** – Age-related claims were updated to use aging factors developed in a study completed by the Society of Actuaries. These rates more accurately account for the way in which claims costs vary with age.
- **Trend Rate** – The medical trend assumption is updated each year based on the Getzen Model. Medical trend rates were used consistent with the August 2024 Report on Financial Outlook of the Plan along with information from the Getzen Model and actuarial judgement. The impact of the trend rate changes is a small increase in the liability, due primarily to higher trend rates in the first several years.
- **Discount Rate** – The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB 75. The discount rate increased from 4.13 percent to 4.21 percent.

Sensitivity of the University’s Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the University’s proportionate share of the total OPEB liability, as well as what the University’s proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21 percent) or 1 percentage point higher (5.21 percent) than the current rate:

	<u>1% Decrease (3.21%)</u>	<u>Current Discount Rate (4.21%)</u>	<u>1% Increase (5.21%)</u>
University’s proportionate share of the total OPEB liability	\$151,685,837	\$127,712,364	\$108,769,822

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
University’s proportionate share of the total OPEB liability	\$107,040,100	\$127,712,364	\$154,737,699

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

For the fiscal year ended June 30, 2025, the University recognized OPEB expense of \$5,610,935.73. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows 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	\$ -	\$ 764,500.27
Change of assumptions or other inputs	67,351,892.71	92,905,125.84
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	3,914,789.04	-
Transactions subsequent to the measurement date	2,891,067.22	-
Total	<u>\$ 74,157,748.97</u>	<u>\$ 93,669,626.11</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$2,891,067.22 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 fiscal year ending June 30, 2026. 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>
2026	\$ (6,754,882.71)
2027	(5,250,702.98)
2028	(2,601,683.04)
2029	(4,966,296.85)
2030	(4,732,628.89)
Thereafter	1,903,250.11
Total	<u>\$ (22,402,944.36)</u>

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2025, the University's proportionate share of the net pension liabilities totaled \$101,370,360. Note 9. includes a complete discussion of defined benefit pension plans.

9. Retirement Plans – Defined Benefit Pension Plans

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

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

The University's FRS and HIS pension expense totaled \$13,019,680 for the fiscal year ended June 30, 2025.

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* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

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

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2024-25 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	13.63
FRS, Senior Management Service	3.00	34.52
FRS, Special Risk	3.00	32.79
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 2 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 \$11,055,710 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the University reported a liability of \$71,831,365 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The University's proportionate share of the net pension liability was based on the University's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the University's proportionate share was 0.185684159 percent, which was an increase of 0.000879559 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the University recognized pension expense of \$11,278,771. 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	\$ 7,256,896	\$ -
Change of assumptions	9,845,145	-
Net difference between projected and actual earnings on FRS Plan investments	-	4,774,286
Changes in proportion and differences between University contributions and proportionate share of contributions	1,490,101	560,333
University FRS contributions subsequent to the measurement date	11,055,710	-
Total	\$ 29,647,852	\$ 5,334,619

The deferred outflows of resources totaling \$11,055,710, 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, 2026. 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>
2026	\$ (755,173)
2027	12,335,275
2028	943,360
2029	66,995
2030	667,066
Total	\$ 13,257,523

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent in the current valuation.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

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	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate (Property)	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Total	100.0%			
Assumed inflation – Mean			2.4%	1.5%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2024 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 presents the University’s proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
University’s proportionate share of the net pension liability	\$126,348,856	\$71,831,365	\$26,161,403

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

Payables to the Pension Plan. At June 30, 2025, the University reported a payable of \$968,741.41 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2025.

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, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2025, the contribution rate was 2 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and

are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled \$1,856,078 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the University reported a liability of \$29,538,995 for its proportionate share of the net pension liability. The current portion of net pension liability is the University's proportionate share of benefit payments expected to be paid within 1 year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The University's proportionate share of the net pension liability was based on the University's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the University's proportionate share was 0.196913810 percent, which was an increase of 0.013114687 percent from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the University recognized pension expense of \$1,740,909. 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	\$ 285,219	\$ 56,719
Change of assumptions	522,771	3,497,038
Net difference between projected and actual earnings on HIS Plan investments	-	10,683
Changes in proportion and differences between University contributions and proportionate share of HIS contributions	2,918,476	361,010
University HIS contributions subsequent to the measurement date	1,856,078	-
Total	<u>\$ 5,582,544</u>	<u>\$ 3,925,450</u>

The deferred outflows of resources totaling \$1,856,078, 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, 2026. 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>
2026	\$ 108,399
2027	(18,256)
2028	(335,882)
2029	(68,543)
2030	96,913
Thereafter	18,385
Total	\$ (198,984)

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Municipal bond rate	3.93 percent

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent in the current valuation.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the 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.

Discount Rate. The discount rate used to measure the total pension liability was 3.93 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 changed from 3.65 percent to 3.93 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 3.93 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
University's proportionate share of the net pension liability	\$33,626,350	\$29,538,995	\$26,145,830

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

Payables to the Pension Plan. At June 30, 2025, the University reported a payable of \$150,204.03 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2025.

10. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2024-25 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested

for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

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

The University's Investment Plan pension expense totaled \$6,598,033.08 for the fiscal year ended June 30, 2025.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for 8 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 4.84 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 9.99 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled \$5,970,602.64, and employee contributions totaled \$2,981,977.58 for the 2024-25 fiscal year.

11. Construction Commitments

The University's construction commitments at June 30, 2025, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
East Ridge Housing	\$ 77,655,947.74	\$ 70,401,640.30	\$ 7,254,307.44
Coggin College of Business Phase II	44,638,166.00	22,822,257.31	21,815,908.69
Rec Facility Improve & Repairs CITF	2,131,929.00	1,975,762.14	156,166.86
Housing Exterior Building Renovation	1,347,562.00	171,566.33	1,175,995.67
Crossing Skylight & Roof Replacement Housing Capital	2,201,784.70	2,137,486.67	64,298.03
Housing Interior Renovations	1,007,723.00	74,104.00	933,619.00
Library Help Desk	1,180,009.00	10,172.00	1,169,837.00
Brooks College of Health Remodel	7,835,282.00	441,640.00	7,393,642.00
Deferred Maintenance - Bldg 50 AHU Replacements	1,202,183.97	610,955.81	591,228.16
John Delaney Student Union Renovation & Remodel	7,548,462.00	225,925.77	7,322,536.23
FAC Lighting Upgrades	1,965,476.61	106,513.18	1,858,963.43
AA Suite Remodeling	2,700,000.00	180,096.00	2,519,904.00
MedNexus 1st Floor Remodel	1,080,775.00	150,822.81	929,952.19
Student Support & Academic Building	40,539,949.49	640,753.84	39,899,195.65
Arena Locker Room Renovations	4,747,032.97	1,115,601.54	3,631,431.43
Hicks Hall 1st Floor Remodel	3,000,276.35	1,524,732.85	1,475,543.50
Shared Biochemical and Faculty Research Lab	1,466,492.19	31,231.90	1,435,260.29
Subtotal	202,249,052.02	102,621,262.45	99,627,789.57
Other Projects (1)	16,152,559.22	11,387,883.64	4,764,675.58
Total	\$ 218,401,611.24	\$ 114,009,146.09	\$ 104,392,465.15

(1) Individual projects with a current balance committed of less than \$1 million at June 30, 2025.

12. Risk Management Programs

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2024-25 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$62.5 million for named windstorm and flood through February 14, 2025, and increased to \$75.3 million starting February 15, 2025. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$237.5 million through February 14, 2025, and increased to \$350 million starting February 15, 2025; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

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

Commercially Purchased Insurance. The University's insurance coverage is for professional medical liability that was obtained through commercially purchased insurance. The insurance policy coverage is for the College of Health students who conduct practicums and clinical rotations. Coverage limits are \$1 million per occurrence and \$5 million in the aggregate. Settled claims arising from these risks have not exceeded coverage in any of the past three fiscal years.

13. Functional Distribution of Operating Expenses

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 123,922,741.48
Research	17,351,363.37
Public Services	826,069.77
Academic Support	51,024,260.94
Student Services	21,741,398.79
Institutional Support	35,082,631.30
Operation and Maintenance of Plant	19,461,879.19
Scholarships, Fellowships, and Waivers	57,170,961.03
Depreciation	30,178,543.12
Auxiliary Enterprises	56,273,642.84
Total Operating Expenses	<u><u>\$ 413,033,491.83</u></u>

14. Segment Information

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources are required to be accounted for separately. The following financial information for the University's Parking System, Housing System, Student Union, and Student Wellness

Center represents identifiable activities for which one or more bonds and/or loans or notes are outstanding:

Condensed Statement of Net Position

	Parking System	Housing System	Student Union	Student Wellness Center
Assets				
Current Assets	\$ 11,141,253.20	\$ 23,263,862.98	\$ 4,209,035.47	\$ 2,100,753.06
Capital Assets, Net	10,512,538.05	163,730,600.00	31,370,104.66	13,563,159.93
Other Noncurrent Assets	1,903,634.24	17,663,465.76	-	-
Total Assets	<u>23,557,425.49</u>	<u>204,657,928.74</u>	<u>35,579,140.13</u>	<u>15,663,912.99</u>
Deferred Outflows of Resources	<u>-</u>	<u>933,437.56</u>	<u>572,511.59</u>	<u>-</u>
Liabilities				
Current Liabilities	641,951.17	15,403,794.37	736,324.87	786,955.31
Noncurrent Liabilities	989,669.12	150,107,690.66	12,641,330.93	7,307,572.76
Total Liabilities	<u>1,631,620.29</u>	<u>165,511,485.03</u>	<u>13,377,655.80</u>	<u>8,094,528.07</u>
Net Position				
Net Investment in Capital Assets	8,919,319.52	18,124,706.60	18,591,285.32	5,583,493.41
Restricted - Expendable for Capital Projects	1,862,914.89	7,020,523.55	-	-
Unrestricted	11,143,570.79	14,934,651.12	4,182,710.60	1,985,891.51
Total Net Position	<u>\$ 21,925,805.20</u>	<u>\$ 40,079,881.27</u>	<u>\$ 22,773,995.92</u>	<u>\$ 7,569,384.92</u>

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

	Parking System	Housing System	Student Union	Student Wellness Center
Operating Revenues	\$ 3,062,060.15	\$ 24,556,816.09	\$ 1,920,682.24	\$ 1,323,161.70
Depreciation Expense	(626,978.65)	(4,407,129.73)	(1,367,214.19)	(491,661.64)
Other Operating Expenses	(1,157,542.40)	(15,359,991.94)	(1,609,626.01)	(207,704.47)
Operating Income (Loss)	<u>1,277,539.10</u>	<u>4,789,694.42</u>	<u>(1,056,157.96)</u>	<u>623,795.59</u>
Nonoperating Revenues (Expenses):				
Nonoperating Revenue	845,512.07	6,392,351.19	1,029,126.30	65,864.57
Interest Expense	(50,508.27)	(6,472,713.98)	(467,136.99)	(139,914.32)
Other Nonoperating Expense	(204,766.59)	-	-	(41,602.41)
Net Nonoperating Revenues (Expenses)	<u>590,237.21</u>	<u>(80,362.79)</u>	<u>561,989.31</u>	<u>(115,652.16)</u>
Income (Loss) Before Other Revenues	1,867,776.31	4,709,331.63	(494,168.65)	508,143.43
Capital Donations from UNF Foundation, Inc.	200,000.00			
Transfers From Other Departments	362,708.46	-	-	-
Increase (Decrease) in Net Position	<u>2,430,484.77</u>	<u>4,709,331.63</u>	<u>(494,168.65)</u>	<u>508,143.43</u>
Net Position, Beginning of Year	19,495,320.43	35,370,549.64	23,268,164.57	7,061,241.49
Net Position, End of Year	<u>\$ 21,925,805.20</u>	<u>\$ 40,079,881.27</u>	<u>\$ 22,773,995.92</u>	<u>\$ 7,569,384.92</u>

Condensed Statement of Cash Flows

	Parking System	Housing System	Student Union	Student Wellness Center
Net Cash Provided (Used) by:				
Operating Activities	\$ 1,144,609.49	\$ 10,053,967.45	\$ 882,106.75	\$ 1,188,435.48
Noncapital Financing Activities	10,524.32	231,217.61	354,932.76	419.34
Capital and Related Financing Activities	(869,565.67)	(56,411,718.17)	(1,200,150.00)	(1,063,045.58)
Investing Activities	1,119,664.61	48,661,457.10	445,203.78	141,826.38
Net Increase in				
Cash and Cash Equivalents	1,405,232.75	2,534,923.99	482,093.29	267,635.62
Cash and Cash Equivalents, Beginning of Year	3,251,571.33	5,655,894.90	1,149,182.88	523,388.50
Cash and Cash Equivalents, End of Year	\$ 4,656,804.08	\$ 8,190,818.89	\$ 1,631,276.17	\$ 791,024.12

Segment Information – Component Unit. The following financial information for the UNF TSI and its blended component unit, UNF TSI Investments, LLC, represents identifiable activities for which long-term indebtedness is outstanding and with a revenue stream pledged in support of the debt:

Condensed Statement of Net Position

	UNF TSI, Inc.	UNF TSI Investments, LLC	Total
Assets			
Current Assets	\$ 4,906,983	\$ 91,207	\$ 4,998,190
Noncurrent Assets, Net	2,517,494	9,245,305	11,762,799
Total Assets	7,424,477	9,336,512	16,760,989
Liabilities			
Current Liabilities	874,639	722,533	1,597,172
Deferred Inflows of Resources	-	148,078	148,078
Net Position			
Unrestricted	6,549,838	(779,404)	5,770,434
Net Investment in Capital Assets	-	9,245,305	9,245,305
Total Net Position	\$ 6,549,838	\$ 8,465,901	\$ 15,015,739

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

	UNF TSI		
	UNF TSI, Inc.	Investments, LLC	Total
Operating Revenues	\$ 6,336,492	\$ 943,531	\$ 7,280,023
Depreciation Expense	-	(582,025)	(582,025)
Operating Expenses	(13,440,218)	(38,625)	(13,478,843)
Operating Income (Loss)	<u>(7,103,726)</u>	<u>322,881</u>	<u>(6,780,845)</u>
Net Nonoperating Revenues (Expenses):			
Nonoperating Revenues	7,137,042	-	7,137,042
Interest Expense	-	(14,789)	(14,789)
Increase in Net Position	33,316	308,092	341,408
Net Position, Beginning of Year	<u>6,516,522</u>	<u>8,157,809</u>	<u>14,674,331</u>
Net Position, End of Year	<u>\$ 6,549,838</u>	<u>\$ 8,465,901</u>	<u>\$ 15,015,739</u>

Condensed Statement of Cash Flows

	UNF TSI		
	UNF TSI, Inc.	Investments, LLC	Total
Net Cash Provided (Used) by:			
Operating Activities	\$ (5,422,882)	\$ (126,138)	\$ (5,549,020)
Noncapital Financing Activities	7,887,428	140,926	8,028,354
Capital and Related Financing Activities	(900,207)	(14,788)	(914,995)
Investing Activities	<u>143,886</u>	<u>-</u>	<u>143,886</u>
Net Increase in Cash and Cash Equivalents	1,708,225	-	1,708,225
Cash and Cash Equivalents, Beginning of Year	<u>1,372,345</u>	<u>-</u>	<u>1,372,345</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,080,570</u>	<u>\$ -</u>	<u>\$ 3,080,570</u>

15. Blended Component Unit

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

Condensed Statement of Net Position

	UNF Financing Corporation, Inc.	University	Eliminations	Total Primary Government
Assets:				
Long-Term Lease Receivable	\$ 74,837,527.00	\$ 1,600,760.75	\$ (74,837,527.00)	\$ 1,600,760.75
Right-to-Use Lease Assets, Net	42,359,663.00	2,725,329.74	(42,359,663.00)	2,725,329.74
Other Current Assets, Net	7,478,969.00	239,279,903.27	(7,281,706.00)	239,477,166.27
Capital Assets, Net	26,832,362.00	525,846,661.19	-	552,679,023.19
Other Noncurrent Assets	93,094.00	68,074,501.42	-	68,167,595.42
Total Assets	151,601,615.00	837,527,156.37	(124,478,896.00)	864,649,875.37
Deferred Outflows of Resources	1,505,950.00	109,388,144.12	-	110,894,094.12
Liabilities:				
Prepaid Rent Payable	-	42,359,663.00	(42,359,663.00)	-
Other Current Liabilities	7,500,038.00	51,353,617.96	(496,526.00)	58,357,129.96
Noncurrent Liabilities	82,584,664.00	348,745,315.78	-	431,329,979.78
Total Liabilities	90,084,702.00	442,458,596.74	(42,856,189.00)	489,687,109.74
Deferred Inflows of Resources	80,516,353.00	105,743,790.71	(81,622,707.00)	104,637,436.71
Net Position:				
Net Investment in Capital Assets	69,192,025.00	296,366,682.79	-	365,558,707.79
Restricted - Expendable	-	132,561,178.29	-	132,561,178.29
Unrestricted	(86,685,515.00)	(30,214,948.04)	-	(116,900,463.04)
Total Net Position	\$ (17,493,490.00)	\$ 398,712,913.04	\$ -	\$ 381,219,423.04

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

	UNF Financing Corporation, Inc.	University	Eliminations	Total Primary Government
Operating Revenues	\$ 11,125,612.00	\$ 155,025,419.45	\$ (11,125,612.00)	\$ 155,025,419.45
Depreciation Expense	(860,829.00)	(29,317,714.12)	-	(30,178,543.12)
Other Operating Expenses	(3,519,185.00)	(382,770,330.71)	3,434,567.00	(382,854,948.71)
Operating Income (Loss)	6,745,598.00	(257,062,625.38)	(7,691,045.00)	(258,008,072.38)
Nonoperating Revenues (Expenses):				
Nonoperating Revenue	65.00	284,101,008.87	(3,434,567.00)	280,666,506.87
Interest Expense	(2,996,578.00)	(4,859,450.44)	-	(7,856,028.44)
Other Nonoperating Expense	-	(18,964,193.44)	11,125,612.00	(7,838,581.44)
Net Nonoperating Revenues (Expenses)	(2,996,513.00)	260,277,364.99	7,691,045.00	264,971,896.99
Other Revenues	-	48,740,694.51	-	48,740,694.51
Increase in Net Position	3,749,085.00	51,955,434.12	-	55,704,519.12
Net Position, Beginning of Year	(21,242,575.00)	346,757,478.92	-	325,514,903.92
Net Position, End of Year	\$ (17,493,490.00)	\$ 398,712,913.04	\$ -	\$ 381,219,423.04

Condensed Statement of Cash Flows

	UNF Financing Corporation, Inc.	University	Eliminations	Total Primary Government
Net Cash Provided (Used) by:				
Operating Activities	\$ 10,981,903.00	\$ (253,445,242.20)	\$ 7,691,045.00	\$ (234,772,294.20)
Noncapital Financing Activities	-	286,201,410.26	(7,691,045.00)	278,510,365.26
Capital and Related Financing Activities	(10,994,174.00)	(78,988,040.35)	-	(89,982,214.35)
Investing Activities	65.00	58,726,063.98	-	58,726,128.98
Net Increase in Cash and Cash Equivalents	(12,206.00)	12,494,191.69	-	12,481,985.69
Cash and Cash Equivalents, Beginning of Year	201,711.96	71,247,298.68	-	71,449,010.64
Cash and Cash Equivalents, End of Year	\$ 189,505.96	\$ 83,741,490.37	\$ -	\$ 83,930,996.33

16. Discretely Presented Component Units

The University has three discretely presented component units as discussed in Note 1. These component units comprise 100 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			Total
	University of North Florida Foundation, Inc.	The University of North Florida Training and Service Institute, Inc.	Museum of Contemporary Art Jacksonville, Inc.	
Assets:				
Current Assets	\$ 27,281,419	\$ 4,998,190	\$ 1,346,681	\$ 33,626,290
Capital Assets, Net	30,230,000	9,245,311	73,440	39,548,751
Other Noncurrent Assets	189,611,284	2,517,488	9,748,883	201,877,655
Total Assets	247,122,703	16,760,989	11,169,004	275,052,696
Liabilities:				
Current Liabilities	978,119	1,597,172	920,171	3,495,462
Noncurrent Liabilities	-	-	3,616	3,616
Total Liabilities	978,119	1,597,172	923,787	3,499,078
Deferred Inflows of Resources	-	148,078	11,125	159,203
Net Position:				
Net Investment in Capital Assets	30,230,000	9,245,311	73,440	39,548,751
Restricted Nonexpendable	162,483,166	-	7,672,630	170,155,796
Restricted Expendable	43,603,866	-	2,184,842	45,788,708
Unrestricted	9,827,552	5,770,428	303,180	15,901,160
Total Net Position	\$ 246,144,584	\$ 15,015,739	\$ 10,234,092	\$ 271,394,415

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

	Direct-Support Organizations			Total
	University of North Florida Foundation, Inc.	The University of North Florida Training and Service Institute, Inc.	Museum of Contemporary Art Jacksonville, Inc.	
Operating Revenues	\$ 17,703,395	\$ 6,338,036	\$ 3,470,677	\$ 27,512,108
Depreciation Expense	-	(582,025)	(19,110)	(601,135)
Operating Expenses	(16,908,662)	(13,478,842)	(2,614,694)	(33,002,198)
Operating Income (Loss)	794,733	(7,722,831)	836,873	(6,091,225)
Net Nonoperating Revenues (Expenses):				
Nonoperating Revenues	20,926,539	9,829,023	1,697,636	32,453,198
Interest Expense	-	(14,789)	-	(14,789)
Other Nonoperating Expense	-	(1,750,000)	(1,800,000)	(3,550,000)
Net Nonoperating Revenues	20,926,539	8,064,234	(102,364)	28,888,409
Other Revenues	5,023,844	-	-	5,023,844
Increase in Net Position	26,745,116	341,403	734,509	27,821,028
Net Position, Beginning of Year	219,399,468	14,674,336	9,499,583	243,573,387
Net Position, End of Year	\$ 246,144,584	\$ 15,015,739	\$ 10,234,092	\$ 271,394,415

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2024	2023	2022	2021
University's proportion of the total other postemployment benefits liability	1.25%	1.29%	1.30%	1.35%
University's proportionate share of the total other postemployment benefits liability	\$ 127,712,364	\$ 108,151,652	\$ 102,333,908	\$ 141,953,955
University's covered-employee payroll	\$ 169,809,116	\$ 159,952,182	\$ 147,239,935	\$ 147,423,248
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	75.21%	67.61%	69.50%	96.29%
	2020	2019	2018	2017
University's proportion of the total other postemployment benefits liability	1.32%	1.17%	1.10%	1.10%
University's proportionate share of the total other postemployment benefits liability	\$ 135,564,587	\$ 147,599,377	\$ 116,067,000	\$ 118,947,000
University's covered-employee payroll	\$ 138,318,767	\$ 135,274,155	\$ 129,721,039	\$ 126,290,474
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	98.01%	109.11%	89.47%	94.19%

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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>
University's proportion of the FRS net pension liability	0.185684159%	0.184804600%	0.186468764%	0.181863080%
University's proportionate share of the FRS net pension liability	\$ 71,831,365	\$ 73,638,784	\$ 69,381,365	\$ 13,737,689
University's covered payroll (2)	\$ 169,809,116	\$ 159,952,182	\$ 147,239,935	\$ 147,423,248
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	42.30%	46.04%	47.12%	9.32%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.70%	82.38%	82.89%	96.40%

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

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

Schedule of University Contributions – Florida Retirement System Pension Plan

	<u>2025 (1)</u>	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>
Contractually required FRS contribution	\$ 11,055,710	\$ 10,514,613	\$ 8,890,290	\$ 7,956,961
FRS contributions in relation to the contractually required contribution	<u>(11,055,710)</u>	<u>(10,514,613)</u>	<u>(8,890,290)</u>	<u>(7,956,961)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 179,172,640	\$ 169,809,116	\$ 159,952,182	\$ 147,239,935
FRS contributions as a percentage of covered payroll	6.17%	6.19%	5.56%	5.40%

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

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

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
0.174595897%	0.181441633%	0.180577414%	0.174650787%	0.179598277%	0.178641093%
\$ 75,672,435	\$ 62,485,972	\$ 54,390,853	\$ 51,660,531	\$ 45,348,706	\$ 23,073,893
\$ 138,318,767	\$ 135,274,155	\$ 129,721,039	\$ 126,290,474	\$ 129,192,013	\$ 125,990,236
54.71%	46.19%	41.93%	40.91%	35.10%	18.31%
78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>
\$ 6,928,198	\$ 5,801,048	\$ 5,626,000	\$ 5,146,310	\$ 4,546,590	\$ 4,379,790
<u>(6,928,198)</u>	<u>(5,801,048)</u>	<u>(5,626,000)</u>	<u>(5,146,310)</u>	<u>(4,546,590)</u>	<u>(4,379,790)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 147,423,248	\$ 138,318,767	\$ 135,274,155	\$ 129,721,039	\$ 126,290,474	\$ 129,192,013
4.70%	4.19%	4.16%	3.97%	3.60%	3.39%

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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>
University's proportion of the HIS net pension liability	0.196913810%	0.183799123%	0.173274101%	0.179203182%
University's proportionate share of the HIS net pension liability	\$ 29,538,995	\$ 29,189,752	\$ 18,352,495	\$ 21,981,965
University's covered payroll (2)	\$ 83,472,025	\$ 73,245,499	\$ 63,414,236	\$ 63,502,457
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.39%	39.85%	28.94%	34.62%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.80%	4.12%	4.81%	3.56%

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

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

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	<u>2025 (1)</u>	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>
Contractually required HIS contribution	\$ 1,856,078	\$ 1,667,130	\$ 1,209,063	\$ 1,048,454
HIS contributions in relation to the contractually required HIS contribution	<u>(1,856,078)</u>	<u>(1,667,130)</u>	<u>(1,209,063)</u>	<u>(1,048,454)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 93,851,735	\$ 83,472,025	\$ 73,245,499	\$ 63,414,236
HIS contributions as a percentage of covered payroll	1.98%	2.00%	1.65%	1.65%

(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.

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
0.173928821%	0.173540354%	0.171430474%	0.172229039%	0.175358731%	0.169564152%
\$ 21,236,426	\$ 19,417,429	\$ 18,144,394	\$ 18,415,523	\$ 20,437,334	\$ 17,292,876
\$ 60,557,744	\$ 58,271,193	\$ 55,939,096	\$ 54,913,954	\$ 54,205,326	\$ 51,632,616
35.07%	33.32%	32.44%	33.54%	37.70%	33.49%
3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>
\$ 1,053,358	\$ 1,002,270	\$ 963,653	\$ 929,672	\$ 911,486	\$ 898,825
<u>(1,053,358)</u>	<u>(1,002,270)</u>	<u>(963,653)</u>	<u>(929,672)</u>	<u>(911,486)</u>	<u>(898,825)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 63,502,457	\$ 60,557,744	\$ 58,271,193	\$ 55,939,096	\$ 54,913,954	\$ 54,205,326
1.66%	1.66%	1.65%	1.66%	1.66%	1.66%

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

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

Changes in Benefit Terms. The retirement eligibility for Special Risk employees hired on or after July 1, 2011, decreased from age 60 with 8 years of service, or 30 years of service regardless of age, to 55 with 8 years of service, or 25 years of service regardless of age. The maximum DROP participation period was extended from 60 months (5 years) to 96 months (8 years). In addition, the maximum DROP participant age and service requirements were removed. The retirement rates and DROP entry rates were updated in conjunction with these changes.

Changes of Assumptions. The discount rate was updated to utilize the mandated discount rate based on a 20-year Standard & Poor's Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate increased from 4.13 percent to 4.21 percent. Other changes of assumptions since the prior valuation were updates to retirement rates, termination rates, disability rates, salary rates, and active medical plan election rates. Refer to Note 8. to the financial statements for further details.

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

Changes of Assumptions. In 2024, salary increases including inflation increased from 3.25 percent to 3.5 percent and the mortality assumptions were updated.

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

Changes of Assumptions. In 2024, the municipal rate used to determine total pension liability increased from 3.65 percent to 3.93 percent and the demographic and coverage election assumptions were updated.

SUPPLEMENTARY INFORMATION

Schedule of Receipts and Expenditures City of Jacksonville Grant Funds – Budget and Actual

Small Business Development Center (2024-25 FY Grant)
Contract Administered by the City of Jacksonville Office of Economic Development
Contract Number (684806-25)
Contract Period October 1, 2024 - September 30, 2025

Receipts of City Funds

Amount of Award (Per City of Jacksonville Budget)	\$ 208,000.00
Amount Received in 2024-25 Fiscal Year (1)	<u>(98,376.20)</u>
Amount Remaining to be Distributed as of June 30, 2025	<u>\$ 109,623.80</u>

Expenditures of City Funds

Expenditure Category	City of Jacksonville Grant Budget	University Grant Budget	2024-25 Fiscal Year Expenditures	Carryforward
Compensation				
Salaries and Wages:				
Administrative and Professional (1)	<u>\$ 179,310.00</u>	<u>\$ 125,428.05</u>	<u>\$ 106,910.97</u>	<u>\$ 18,517.08</u>
Employee Benefits				
Fringe Chargeback Expense (1)	<u>-</u>	<u>53,881.95</u>	<u>45,747.39</u>	<u>8,134.56</u>
Other				
ORSP Facilities and Admin Costs (Indirect Cost) (2)	<u>28,690.00</u>	<u>28,690.00</u>	<u>24,425.48</u>	<u>4,264.52</u>
Total Expenditures	<u>\$ 208,000.00</u>	<u>\$ 208,000.00</u>	<u>\$ 177,083.84</u>	<u>\$ 30,916.16</u>

- (1) Salaries, including fringe benefits, were reported as a single line item in the approved program budget. However, these categories are reported in the University's budgetary accounts as separate items.
- (2) Office of Research and Sponsored Programs (ORSP).

Schedule of Receipts and Expenditures City of Jacksonville Grant Funds – Budget and Actual

Small Business Development Center (2023-24 FY Grant)
Contract Administered by the City of Jacksonville Office of Economic Development
Contract Number (667470-24)
Contract Period October 1, 2023 - September 30, 2024

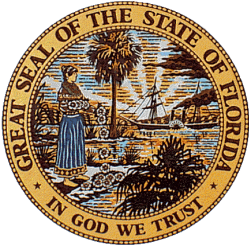
Receipts of City Funds

Amount of Award (Per City of Jacksonville Budget)	\$ 208,000.00
Amount Received in 2023-24 Fiscal Year	(65,792.04)
Amount Received in 2024-25 Fiscal Year (3)	<u>(142,207.96)</u>
Amount Remaining to be Distributed as of June 30, 2025	<u>\$ -</u>

Expenditures of City Funds

Expenditure Category	City of Jacksonville Grant Budget	University Grant Budget	2023-24 Fiscal Year Expenditures	2024-25 Fiscal Year Expenditures	Carryforward
Compensation					
Salaries and Wages:					
Administrative and Professional	\$ 180,870.00	\$ 137,142.76	\$ 63,595.18	\$ 27,601.58	\$ 45,946.00
Non-Faculty Supplemental	-	-	-	44,846.00	(44,846.00)
Lump Sum Expenditure	-	-	-	1,100.00	(1,100.00)
Total Salaries and Wages (1)	<u>180,870.00</u>	<u>137,142.76</u>	<u>63,595.18</u>	<u>73,547.58</u>	<u>-</u>
Employee Benefits					
Fringe Chargeback Expenditure (1)	-	43,727.24	28,555.26	15,171.98	-
Other					
ORSP Facilities and Admin Costs (Indirect Cost) (2)	27,130.00	27,130.00	13,822.60	13,307.40	-
Total Expenditures	<u>\$ 208,000.00</u>	<u>\$ 208,000.00</u>	<u>\$ 105,973.04</u>	<u>\$ 102,026.96</u>	<u>\$ -</u>

- (1) Salaries, including fringe benefits, were reported as a single line item in the approved program budget. However, these categories are reported in the University's budgetary accounts as separate items.
- (2) Office of Research and Sponsored Programs (ORSP).
- (3) City Funds totaling \$142,207.96 were received by the University during the 2024-25 fiscal year; however, due to errors during implementation of the new WORKDAY ERP system, \$3,199.51 of this amount was recorded subsequent to the fiscal year end on December 18, 2025.



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 (*Government Auditing Standards*), the financial statements of the University of North Florida, 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, 2025, 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 23, 2026, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the blended and aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 23, 2026