FLORIDA INTERNATIONAL UNIVERSITY

ANNUAL REPORT
2020 - 2021

BOARD OF TRUSTEES AND PRESIDENT

During the 2020-21 fiscal year, Dr. Mark B. Rosenberg served as President of Florida International University and the following individuals served as Members of the Board of Trustees:

FLORIDA INTERNATIONAL UNIVERSITY

ANNUAL REPORT 2020-21

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Riccardo Silva Stadium
FIUSPORTS.COM
FIU


RAFAEL DIAZ-BALART HALL
COLLEGE OF LAW


THE PATRICIA AND PHILLIP FROST ART MUSEUM

INTRODUCTION FROM THE SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

The 2020-21 fiscal year can be characterized using many descriptors. We felt negativity, with the threat of global pandemic that created fear, isolation, and sadness. But we also felt positivity, hope, innovation, heroism, and gratitude. This year, we were all challenged to be creative and adjust operations to ensure that our students achieved their educational goals during unprecedented conditions. And we continue to adjust to our new normal in this COVID-19 pandemic world. Our university met the challenges head on, and as a result we are now stronger as an institution. As an FIU community, we reap the benefits of our diverse, passionate, and caring workforce that has collectively elevated FIU to new heights. Together, we have weathered these tumultuous times with a steadfast conviction to keep the safety and success of our students at the forefront of our decision-making process.

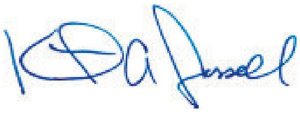
FIU is undeterred in its commitment to maintain the highest standards in supporting student success, research excellence, and efficient operations. The Office of Finance and Administration is dedicated to providing leadership and financial planning in support of these objectives by strategically allocating financial resources, timely reporting financial information for improved decision making, and assisting in identifying new revenue sources to support our educational mission and strategic goals.

We continue on our quest to consistently achieve remarkable success academically, strategically, and operationally. I am pleased to present the 2020-21 Annual Financial Report for FIU, and I am proud to share the following notable accomplishments and achievements.

Strategic initiatives:

- Philanthropist and author MacKenzie Scott and her husband Dan Jewett made a $40 million unrestricted gift to FIU in recognition of the university’s successful efforts educating students who come from communities chronically underserved.
- FIU rose to #78 in U.S. News and World Report rankings for Public Universities.
- FIU also improved in several other rankings, including #1 in awarding bachelor’s degrees to minorities; #5 in social mobility by U.S. News and World Report; #3 Life Below Water, #3 Life on Land, and #8 Clean Water and Sanitation by Time Higher Education Impact Rankings for Public Universities.
- FIU achieved the highest score in the history of the State University System Performance-Based Funding Model, 97 points, by continuing to strategically invest in student success initiatives that focus on retention and graduation rates, the awarding of strategic degrees, and jobs after graduation.

FIU continues to deliver on the promise of an affordable quality education for students through the execution of its strategic plan. I encourage you to read our annual financial report, as it provides useful, relevant, and more detailed information about the university’s financial activities and results related to operations. The financial report will help you learn more about FIU’s financial operations that support the university’s primary mission of educating and preparing current and future students for successful careers that improve our community, our nation, and our world.



Kenneth A. Jessell, Ph.D., MBA
Senior Vice President and Chief Financial Officer

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matter

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Florida International University's basic financial statements. The Introduction from the Senior Vice President and Chief Financial Officer, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introduction from the Senior Vice President and Chief Financial Officer has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2022, on our consideration of the Florida International University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Florida International University's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 8, 2022
Audit Report No. 2022-144

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2021, and June 30, 2020.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

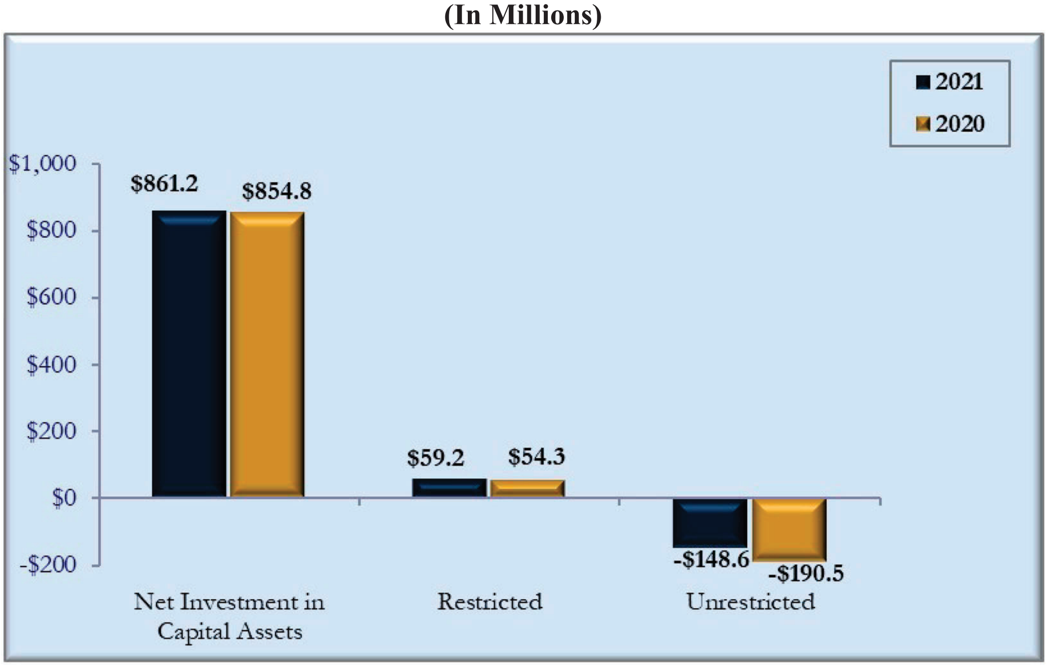
Information regarding these component units, including summaries of the discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component units. For the component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

THE STATEMENT OF NET POSITION

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

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

Net Position
(In Millions)



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

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

	2021	2020
Assets		
Current Assets	$ 681.3	$ 541.3
Capital Assets, Net	1,036.5	988.1
Other Noncurrent Assets	55.0	32.9
Total Assets	1,772.8	1,562.3
Deferred Outflows of Resources	249.7	229.3
Liabilities		
Current Liabilities	94.7	76.3
Noncurrent Liabilities	994.7	911.3
Total Liabilities	1,089.4	987.6
Deferred Inflows of Resources	161.3	85.4
Net Position		
Net Investment in Capital Assets	861.2	854.8
Restricted	59.2	54.3
Unrestricted	(148.6)	(190.5)
Total Net Position	$ 771.8	$ 718.6

The lingering effects of the coronavirus pandemic continued to hamper the normal operations of the University for the greater part of the 2020-21 fiscal year. As the University moved forward with campus repopulation plans to resume on-site operations as well as stimulate campus activities, there were added challenges encountered in normalizing operations. Nonetheless, assistance provided by Federal grant funding primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the Higher Education Emergency Relief (HEERF) Act, served to contribute financial relief to students and on-campus business operations. These Federal grant funding sources made a considerable impact on the efforts to stabilize revenue streams heavily affected by the slow-down of business activities during the peak times of the pandemic and as noted in various sections of the MD&A, were major drivers affecting the results of financial operations.

Total assets as of June 30, 2021, increased by $210.5 million, or 13.5 percent. This increase is primarily due to an increase in combined cash and cash equivalents and investments of $96.1 million mainly resulting from $45 million in unspent proceeds from capital improvement debt funding the construction of the new Parkview II Housing project, $19.6 million in incremental State Appropriations, and $14.9 million decrease in operating expenses, excluding depreciation, due to curtailed activities from on-going pandemic circumstances. Additionally, there were increases in accounts receivable, net of $56 million mainly from lost revenues billed under HEERF Act Federal grant provisions, and construction work in progress of $72.2 million mainly attributed to the construction activity for the new Parkview II Housing project.

Total liabilities as of June 30, 2021, increased by $101.8 million, or 10.3 percent. This increase resulted from increases of $72.4 million in capital improvement debt payable, $56.7 million for the University's proportionate share of net pension liabilities, $17.7 million in accounts payable and other accrued liabilities, $3.4 million in compensated absences payable, and $2.2 million in noncurrent unearned revenues. These increases were partially offset by a $50.4 million net decrease in the University's proportionate share of other postemployment benefits payable (OPEB).

Deferred outflows of resources and deferred inflows of resources increased $20.4 million and $75.9 million, respectively, related to pensions and other postemployment benefits.

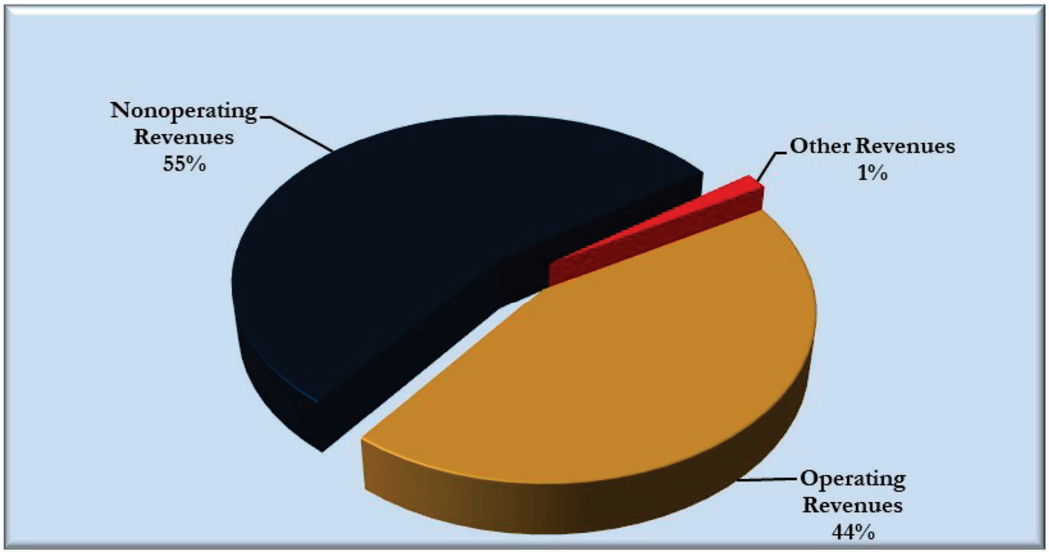
As a result, the University's net position increased by $53.2 million, or 7.4 percent, resulting in a fiscal year-end balance of $771.8 million, which includes a deficit in unrestricted net position. This deficit is discussed further in the notes to the financial statements.

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

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

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

Total Revenues



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

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

	2020-21	2019-20
Operating Revenues	$ 527.4	$ 532.5
Less, Operating Expenses	1,141.3	1,156.4
Operating Loss	(613.9)	(623.9)
Net Nonoperating Revenues	649.0	567.3
Income (Loss) Before Other Revenues	35.1	(56.6)
Other Revenues	18.1	5.1
Net Increase (Decrease) in Net Position	53.2	(51.5)
Net Position, Beginning of Year	718.6	759.0
Adjustment to Beginning Net Position (1)	-	11.1
Net Position, Beginning of Year, as Restated	718.6	770.1
Net Position, End of Year	$ 771.8	$ 718.6

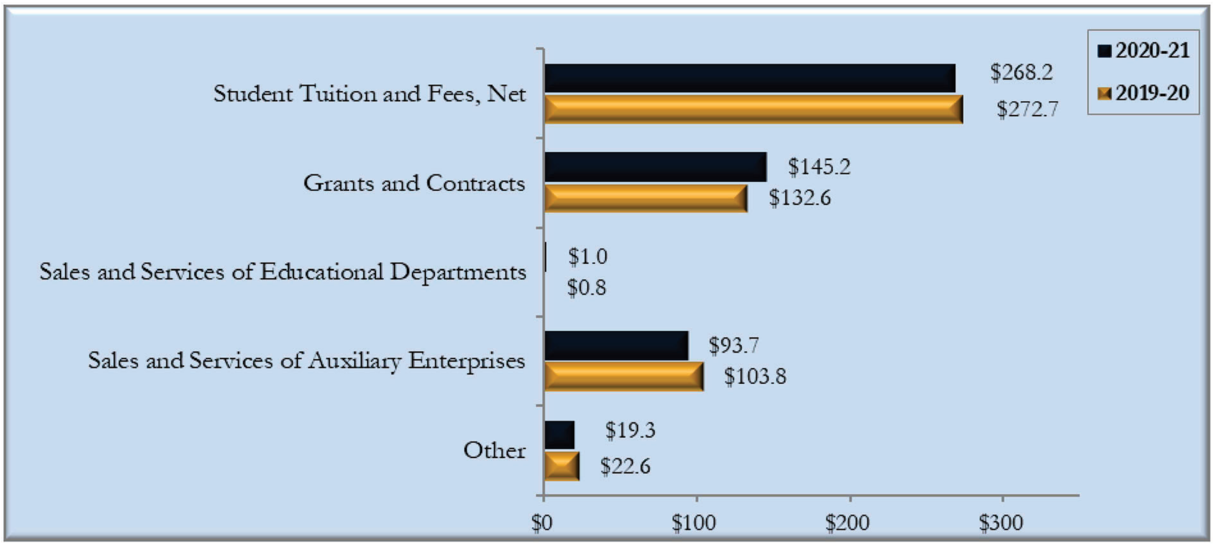
Note: (1) For the 2019-20 fiscal year, the University's beginning net position was increased for the carrying value of the building acquired in conjunction with the governmental merger with the Torrey Pines Institute for Molecular Studies, Inc.

Operating Revenues

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

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

Operating Revenues
(In Millions)



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

Operating Revenues
For the Fiscal Years
(In Millions)

	2020-21	2019-20
Student Tuition and Fees, Net	$ 268.2	$ 272.7
Grants and Contracts	145.2	132.6
Sales and Services of Educational Departments	1.0	0.8
Sales and Services of Auxiliary Enterprises	93.7	103.8
Other	19.3	22.6
Total Operating Revenues	$ 527.4	$ 532.5

The University total operating revenues decreased by $5.1 million, or 1 percent, over the 2019-20 fiscal year. Operating revenue changes were the result of the following factors:

- Net student tuition and fees revenue decreased $4.5 million. Gross tuition and fees revenue declined by $9.2 million, mainly resulting from decreases in both resident and non-resident undergraduate tuition revenue offset by increases in graduate and market rate tuition. The University's scholarship allowance also decreased by $4.7 million primarily due to a reduction in non-monetary institutional waivers, excluding capital improvement and building fees, this drop in the allowance contributed to the overall decrease in student tuition and fees, net.
- Grants and contracts overall revenue increased $12.6 million. This resulted from higher revenue earned from Federal grants mostly associated with the CARES and HEERF Institutional funding.

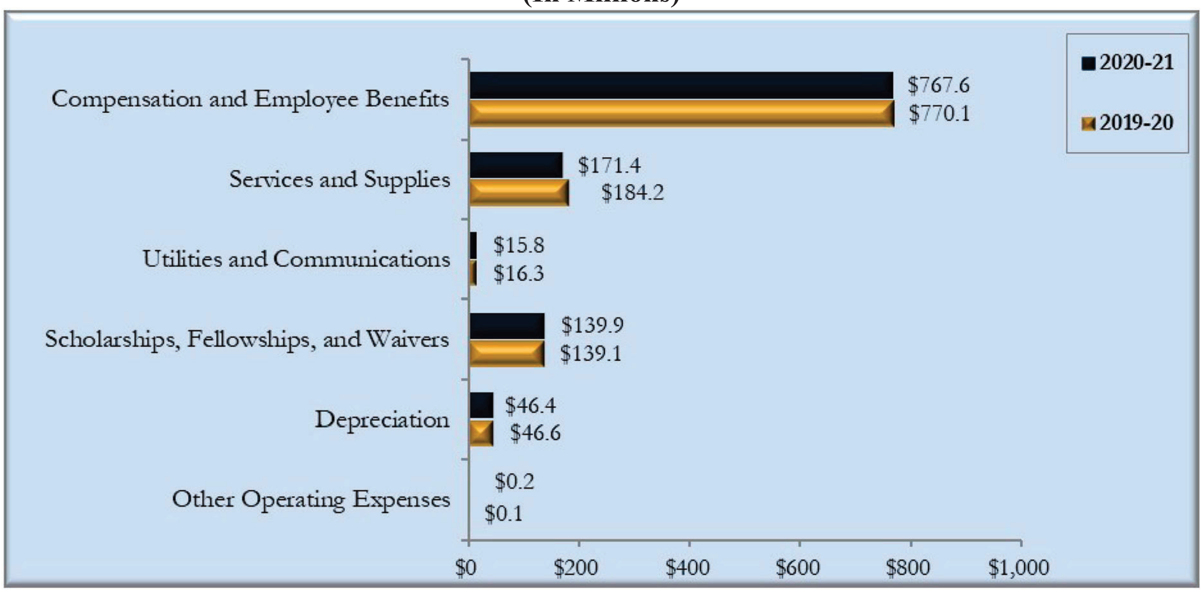
- Sales and Services of Auxiliary Enterprises revenue decreased $10.1 million, mainly driven by the continued decline in auxiliary activities including housing, parking, food services, event ticket sales, and rental of facilities due to the enduring COVID-19 related conditions.
- Other operating revenues decreased by $3.3 million primarily from reductions in private revenue from our National Forensic Science Technology Center, the Shorelight program, Embrace, and Pepsi pouring rights contracts.

Operating Expenses

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

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

Operating Expenses
(In Millions)



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

Operating Expenses
For the Fiscal Years
(In Millions)

	2020-21	2019-20
Compensation and Employee Benefits	$ 767.6	$ 770.1
Services and Supplies	171.4	184.2
Utilities and Communications	15.8	16.3
Scholarships, Fellowships, and Waivers	139.9	139.1
Depreciation	46.4	46.6
Other Operating Expenses	0.2	0.1
Total Operating Expenses	$ 1,141.3	$ 1,156.4

The change in operating expenses was primarily the result of the following factor:

- Services and supplies expenses decreased $12.8 million, or 6.9 percent. The decrease primarily resulted from reduced travel expenses of $9.3 million since the University maintained its policy of restricting travel due to the continued COVID-19 related preventive measures.

Nonoperating Revenues and Expenses

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

The following summarizes the University's nonoperating revenues and expenses for the 2020-21 and 2019-20 fiscal years:

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

	2020-21	2019-20
State Noncapital Appropriations	$ 343.0	$ 323.4
Federal and State Student Financial Aid	202.4	201.2
Noncapital Grants, Contracts, and Gifts	24.1	24.2
Investment Income	34.1	15.7
Other Nonoperating Revenues	54.3	16.3
Loss on Disposal of Capital Assets	(0.7)	(6.3)
Interest on Capital Asset-Related Debt	(5.5)	(5.2)
Other Nonoperating Expenses	(2.7)	(2.0)
Net Nonoperating Revenues	$ 649.0	$ 567.3

Net nonoperating revenues increased by $81.7 million, or 14.4 percent, from the 2019-20 fiscal year. Increases in State noncapital appropriations and other nonoperating revenues were the major contributors to this increase. Net nonoperating revenues changes were due mainly to the following factors:

- State noncapital appropriations increased $19.6 million mainly due to additional funding supporting the Next Horizon 2025 Strategic Plan, adjustments related to health insurance premium increases, an appropriation for the Institute of Economic Freedom, and greater performance funds allocations. These increases were offset by the reduction of prior year, non-recurring special appropriations and adjustments related to risk management premium decreases.

- Investment income increased by $18.4 million in large part due to unrealized gains resulting from improved investment performance in our equity, commodities, and alternatives positions as well as realized gains on the sale of investment in our private market and small cap equity positions.

- Other nonoperating revenue increased by $38 million primarily from Federal grant revenue earned from HEERF grants to replace revenues lost due to COVID-19 for 2019-20 and 2020-21 fiscal years.

- Loss on disposal of capital assets decreased $5.6 million due to the prior fiscal year write-off of the balance from construction in progress of the remaining structure of the 8th Street pedestrian bridge that collapsed and was deemed to have no future use since a new pedestrian bridge will be built in the future. There were no such write-offs during the 2020-21 fiscal year.

Other Revenues

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

The following summarizes the University's other revenues for the 2020-21 and 2019-20 fiscal years:

Other Revenues
For the Fiscal Years
(In Millions)

	2020-21	2019-20
State Capital Appropriations	$ 12.0	$ 4.0
Capital Grants, Contracts, and Donations	6.1	1.1
Total	$ 18.1	$ 5.1

Total other revenues increased by $13 million, or 254.9 percent, mostly due to an increase of $8 million in revenue earned from State capital appropriations for construction projects as compared to the 2019-20 fiscal year. Additionally, the University received an incremental $5 million in capital grants, contracts, and donations during fiscal year 2020-21.

THE STATEMENT OF CASH FLOWS

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

The following summarizes cash flows for the 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years
(In Millions)

	2020-21	2019-20
Cash Provided (Used) by:		
Operating Activities	$ (542.5)	$ (485.9)
Noncapital Financing Activities	621.6	552.9
Capital and Related Financing Activities	(17.1)	(43.3)
Investing Activities	3.6	(20.0)
Net Increase in Cash and Cash Equivalents	65.6	3.7
Cash and Cash Equivalents, Beginning of Year	10.2	6.5
Cash and Cash Equivalents, End of Year	$ 75.8	$ 10.2

Major sources of funds came from proceeds from sales and maturities of investments of $1.1 billion, State noncapital appropriations of $343 million, net student tuition and fees of $267.5 million, Federal Direct Student Loan program receipts of $237 million, Federal and State student financial aid of $202.4 million, sales and services of auxiliary enterprises of $92.7 million, grants and contracts of $86.8 million, and proceeds from issuance of Capital Improvement Debt of $78.3 million. Major uses of funds were for purchases of investments of $1.2 billion, payments made to and on behalf of employees of $694.6 million, disbursements to students for Federal Direct Student Loan program of $237.4 million, payments to suppliers of $179.4 million, payments to and on behalf of students for scholarships and fellowships of $139.9 million, and purchases of capital assets of $90.2 million.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the University had $1.8 billion in capital assets, less accumulated depreciation of $733.3 million, for net capital assets of $1,036.5 million. Depreciation for the current fiscal year totaled $46.4 million.

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

Capital Assets, Net at June 30
(In Millions)

	2021	**2020**
Land	$ 32.8	$ 30.7
Works of Art and Historical Treasures	9.5	7.2
Construction in Progress	174.2	102.1
Buildings	730.5	758.4
Infrastructure and Other Improvements	27.9	26.9
Furniture and Equipment	43.4	41.5
Library Resources	17.7	20.8
Leasehold Improvements	0.1	0.1
Computer Software	0.4	0.4
Capital Assets, Net	$ 1,036.5	$ 988.1

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2021, were incurred on the following projects: $45 million for Parkview Housing Phase II, $6.2 million for User Paid Capital Construction projects, $4.4 million for Emergency Operations Center, and $3.7 million for SIPA Building Phase II.

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

	Amount (In Millions)
Total Committed	$ 282.2
Completed to Date	(174.2)
Balance Committed	$ 108.0

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

Debt Administration

As of June 30, 2021, the University had $205.4 million in outstanding capital improvement debt payable representing an increase of $72 million, or 54 percent, from the prior fiscal year.

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

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

	2021	2020
Capital Improvement Debt	$ 205.4	$ 132.9
Installment Purchase Payable	-	0.5
Total	$ 205.4	$ 133.4

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Calendar year 2020 was a challenging year for Florida due to the global coronavirus pandemic (COVID-19) which negatively impacted all countries and all major industries worldwide. Similar to the rest of the country, Florida experienced an economic contraction in the 2020 calendar year which resulted in a net economic loss of 2.9 percent compared to the 2019 calendar year, which was 0.6 percent below the national average. The economic declines have been mitigated by the Federal stimulus packages which provided aid to many sectors of the economy along with the quicker than anticipated reopening of the economy. The economic recovery was evidenced by seven percent growth as of the first quarter of the 2021 calendar year. The State projects growth to continue over the next few years with a typical annual growth of 2.5 percent for the 2022-23 fiscal year and beyond.

FIU received $245 million under the Higher Education Emergency Relief Fund (HEERF) grant program to provide financial assistance to students and to offset higher expenses and lost revenues due to the COVID-19 pandemic. The HEERF funds were received under three separate acts: The CARES Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan (ARP) Act. The funding awards were in three areas: Emergency Financial Aid Grants to Students, $101 million; Institutional funds, $129 million; and Minority Serving Institutions (MSI) funds, $15 million. FIU must expend the HEERF funds within one year from the most recent obligation of funds for each specific grant area. For the Emergency Financial Aid Grants to Students and the Institutional funds, the one-year date is May 17, 2022. For the Minority Serving Institutions funds, the one-year date is August 2, 2022. No-cost extensions of up to 12 months are available to extend the period of performance.

The 2021 Florida Legislative session concluded on April 30, 2021, and the Governor approved the 2021-22 fiscal year General Appropriations Act (Senate Bill 2500) on June 2, 2021. FIU received $345.3 million in State operating appropriations in the 2021-22 fiscal year which is an additional $3.8 million or 1.1 percent over the prior fiscal year. Pass-through funds account for most of the increase which includes $4.9 million for health and risk management insurance increases, $0.6 million for performance funds, restoration of a prior year non-recurring reduction, $0.4 million, and a $2.1 million recurring reduction associated with the elimination of faculty salaries in excess of $200,000. FIU also received capital appropriations of $13.9 million, of which $7.2 million was for the renovation of the College of Arts, Science and Education building, and $6.7 million was for various projects such as Panther Promenade, East Loop Road realignment, Graham Center expansion, and a recreation field support building. The Legislature introduced three new tuition and fees waivers under HB 1261. The most significant of the three waivers is the Select STEM waiver which covers 50 percent of tuition and fees for students seeking a baccalaureate degree in any of one of eight Florida Board of Governors approved Programs of Strategic Emphasis in science, technology, engineering, or math. The Legislature appropriated $25 million of incentive funding for the State University System which will help cover the cost of this waiver.

FIU continues in its pursuit of excellence as outlined in the FIU Next Horizon 2025 Strategic Plan. Years of effort and focus have led to an outstanding year for FIU: FIU placed first in the State University System in the Board of Governors 2020-21 fiscal year performance metrics; moved up 17 spots to number 78 among public universities in the U.S. News and World Report 2022 National Universities Rankings; and received a $40 million unrestricted donation from MacKenzie Scott and her husband Dan Jewett.

REQUESTS FOR INFORMATION

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

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 74,577,852	$ 31,224,833
Investments	419,779,092	507,327
Accounts Receivable, Net	95,562,389	15,317,364
Loans and Notes Receivable, Net	329,264	-
Due from State	76,527,784	-
Due from Component Units/University	11,243,193	1,800,899
Inventories	482,060	-
Other Current Assets	2,790,307	1,982,421
Total Current Assets	681,291,941	50,832,844
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	1,211,855	-
Restricted Investments	52,021,806	416,525,774
Loans and Notes Receivable, Net	850,227	11,620,933
Depreciable Capital Assets, Net	819,954,954	14,824,376
Nondepreciable Capital Assets	216,576,824	-
Due from Component Units	852,241	-
Other Noncurrent Assets	-	14,236,242
Total Noncurrent Assets	1,091,467,907	457,207,325
Total Assets	1,772,759,848	508,040,169
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	127,861,071	-
Pensions	121,835,713	-
Accumulated Decrease in Fair Value of Hedging Derivatives	-	2,021,532
Deferred Amount on Bond Debt Refundings	-	176,452
Total Deferred Outflows of Resources	249,696,784	2,197,984
LIABILITIES		
Current Liabilities:		
Accounts Payable	32,004,942	1,023,347
Construction Contracts Payable	4,811,874	-
Salaries and Wages Payable	25,207,624	-
Deposits Payable	2,504,193	-
Due to State	317,070	-
Due to Component Units/University	1,935,868	11,237,419
Unearned Revenue	8,578,310	589,978
Other Current Liabilities	559,976	179,472
Long-Term Liabilities - Current Portion		
Bonds Payable	-	1,580,000
Capital Improvement Debt Payable	7,932,747	-
Notes Payable	-	1,075,000
Compensated Absences Payable	4,190,286	-
Liability for Self-Insured Claims	106,364	-
Other Postemployment Benefits Payable	5,870,438	-
Net Pension Liability	665,568	-
Total Current Liabilities	94,685,260	15,685,216

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	-	22,735,000
Capital Improvement Debt Payable	197,430,215	-
Compensated Absences Payable	53,903,236	-
Due to University	-	852,241
Other Postemployment Benefits Payable	346,693,539	-
Unearned Revenue	61,624,106	-
Liability for Self-Insured Claims	119,493	-
Other Long-Term Liabilities	1,684,749	3,707,152
Net Pension Liability	333,289,084	-
Total Noncurrent Liabilities	994,744,422	27,294,393
Total Liabilities	1,089,429,682	42,979,609
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	154,798,302	-
Pensions	6,475,764	-
Total Deferred Inflows of Resources	161,274,066	-
NET POSITION		
Net Investment in Capital Assets	861,218,514	13,206,466
Restricted for Nonexpendable:		
Endowment	-	191,376,258
Restricted for Expendable:		
Debt Service	2,522,099	-
Loans	1,208,832	-
Capital Projects	30,054,164	-
Other	25,327,549	183,178,127
Unrestricted	(148,578,274)	79,497,693
TOTAL NET POSITION	$ 771,752,884	$ 467,258,544

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

FLORIDA INTERNATIONAL UNIVERSITY

A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $189,153,663	$ 268,179,765	$ -
Federal Grants and Contracts	119,012,858	-
State and Local Grants and Contracts	10,249,531	-
Nongovernmental Grants and Contracts	15,923,046	-
Sales and Services of Educational Departments	1,005,809	-
Sales and Services of Auxiliary Enterprises	93,674,909	-
Sales and Services of Component Units	-	7,978,908
Gifts and Donations	-	79,664,934
Other Operating Revenues	19,320,231	9,215,505
Total Operating Revenues	527,366,149	96,859,347
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	767,609,297	-
Services and Supplies	171,382,468	50,413,994
Utilities and Communications	15,843,982	362,304
Scholarships, Fellowships, and Waivers	139,851,660	-
Depreciation	46,357,832	825,702
Self-Insurance Claims	230,881	-
Total Operating Expenses	1,141,276,120	51,602,000
Operating (Loss) Income	(613,909,971)	45,257,347
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	343,010,742	-
Federal and State Student Financial Aid	202,372,570	-
Noncapital Grants, Contracts, and Gifts	24,085,876	-
Investment Income	34,105,001	87,302,410
Other Nonoperating Revenues	54,337,799	15,955,133
Loss on Disposal of Capital Assets	(690,147)	-
Interest on Capital Asset-Related Debt	(5,542,356)	(1,194,394)
Other Nonoperating Expenses	(2,696,606)	(4,211,041)
Net Nonoperating Revenues	648,982,879	97,852,108
Income Before Other Revenues	35,072,908	143,109,455
State Capital Appropriations	12,000,000	-
Capital Grants, Contracts, and Donations	6,054,764	-
Increase in Net Position	53,127,672	143,109,455
Net Position, Beginning of Year	718,625,212	324,634,001
Adjustment to Beginning Net Position	-	(484,912)
Net Position, Beginning of Year, as Restated	718,625,212	324,149,089
Net Position, End of Year	$ 771,752,884	$ 467,258,544

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

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 267,490,448
Grants and Contracts	86,792,602
Sales and Services of Educational Departments	1,005,809
Sales and Services of Auxiliary Enterprises	92,735,013
Interest on Loans and Notes Receivable	(103,282)
Payments to Employees	(694,582,818)
Payments to Suppliers for Goods and Services	(179,387,065)
Payments to Students for Scholarships and Fellowships	(139,851,660)
Payments on Self-Insured Claims	(34,295)
Loans Issued to Students	(3,075,722)
Collection on Loans to Students	3,654,882
Other Operating Receipts	22,904,257
Net Cash Used by Operating Activities	(542,451,831)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	343,010,742
Federal and State Student Financial Aid	202,372,570
Noncapital Grants, Contracts, and Gifts	16,014,578
Federal Direct Loan Program Receipts	237,004,559
Federal Direct Loan Program Disbursements	(237,359,182)
Operating Subsidies and Transfers	6,697,216
Net Change in Funds Held for Others	233,359
Other Nonoperating Receipts	53,563,868
Net Cash Provided by Noncapital Financing Activities	621,537,710
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	78,251,558
State Capital Appropriations	5,237,722
Capital Grants, Contracts, and Donations	1,400,659
Other Receipts for Capital Projects	1,561,521
Capital Subsidies and Transfers	975,945
Purchase or Construction of Capital Assets	(90,150,436)
Principal Paid on Capital Debt	(7,885,802)
Interest Paid on Capital Debt	(6,538,771)
Net Cash Used by Capital and Related Financing Activities	(17,147,604)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,143,110,749
Purchase of Investments	(1,151,368,778)
Investment Income	11,868,010
Net Cash Provided by Investing Activities	3,609,981
Net Increase in Cash and Cash Equivalents	65,548,256
Cash and Cash Equivalents, Beginning of Year	10,241,451
Cash and Cash Equivalents, End of Year	$ 75,789,707

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (613,909,971)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	46,357,832
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(55,271,806)
Inventories	(26,664)
Other Assets	(792,337)
Accounts Payable	9,042,564
Salaries and Wages Payable	7,761,111
Deposits Payable	(232,325)
Compensated Absences Payable	3,441,328
Other Postemployment Benefits Payable	(50,430,833)
Unearned Revenue	(842,189)
Liability for Self-Insured Claims	196,586
Pension Liability	56,726,961
Deferred Outflows of Resources Related to Other Postemployment Benefits	(14,211,455)
Deferred Outflows of Resources Related to Pensions	(6,158,833)
Deferred Inflows of Resources Related to Other Postemployment Benefits	86,503,705
Deferred Inflows of Resources Related to Pensions	(10,605,505)
NET CASH USED BY OPERATING ACTIVITIES	$ (542,451,831)

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.	$ 22,254,262
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.	$ (690,147)
Donations of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 4,654,106
The Division of Bond Finance issued $46,365,000 of Capital Improvement Housing Revenue Refunding Bonds, Series 2021A, to refund $51,730,000 of outstanding Capital Improvement Revenue and Refunding Bonds, Series 2011A, and 2012A. The new debt and defeasance of the old debt were recorded as an increase and a decrease, respectively, to capital improvement debt payable on the statement of net position; however, because the proceeds of the new debt were immediately placed into an irrevocable trust for the defeasance of the Series 2011A and 2012A debt, the transaction did not affect cash and cash equivalents.	$ 5,365,000

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Discretely Presented Component Units

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

These organizations and their purposes are explained as follows:

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

The financial activities of the Florida International University Research Foundation, Inc. (Research Foundation) are not included in the University's financial statements. The purpose of the Research Foundation includes the promotion and encouragement of, and assistance to, the research and training activities of faculty, staff, and students of the University. It receives income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products. The total assets and operating revenues related to the Research Foundation are $109,820 and $1,039, respectively. The amounts represent less than one percent of the total aggregate component units' assets and operating revenues.

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

Basis of Presentation

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Concentration of Credit Risk – Component Units

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

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

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

Capital Assets

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

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

Depreciable assets of the Foundation are stated at cost and are net of accumulated depreciation of $9,058,178. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to 40 years.

Depreciable assets of the Finance Corporation are stated at cost and are net of accumulated depreciation of $105,850. Depreciation is provided using the straight-line method over the estimated useful lives of five years for the assets.

Depreciable assets of the Health Care Network are stated at cost and are net of accumulated depreciation of $520,437. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to 15 years.

Noncurrent Liabilities

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

Pensions

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

2. REPORTING CHANGE AND ADJUSTMENT TO BEGINNING NET POSITION

The University and its discretely presented component units implemented GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities of state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The University's custodial funds are comprised of business-type activities that are expected to be held in a custodial fund for three months or less, which meets the requirements for an exception from reporting.

The Foundation considers its custodial funds to meet the criteria for reporting for fiduciary funds. As such, the Foundation's beginning net position related to custodial funds decreased by $484,912.

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.

Fund	Net Position
Current Funds - Unrestricted	$ (524,820,694)
Auxiliary Funds	376,242,420
Total	$ (148,578,274)

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

		Amount
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources		$ 500,107,548
Amount Expected to be Financed in Future Years:		
Compensated Absences Payable	$ 50,589,911	-
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	379,501,208	-
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	218,594,703	-
Total Amount Expected to be Financed in Future Years		(648,685,822)
Total Unrestricted Net Position		$ (148,578,274)

4. INVESTMENTS

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

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

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

The University's recurring fair value measurements as of June 30, 2021 for SBA debt service accounts, certain corporate equities and certain fixed income and bond mutual funds are valued using quoted market prices (Level 1 inputs), certain corporate equities and certain fixed income and bonds, and commodities which are valued using a matrix pricing model (Level 2 inputs), investments with the State Treasury which are valued based on the University's share of the pool, investments in bank loans (fixed income), and other investments (Level 3 inputs), and investments in limited partnerships and private equities which are valued based on net asset value (NAV). The University's investment in money market funds are reported at amortized cost of $73,627,850 according to GASB Statement No. 72.

The University's investments at June 30, 2021, are reported at fair value, as follows:

		Fair Value Measurement Using		
Investments by Fair Value Level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
External Investment Pool				
State Treasury Special Purpose Investment Account	$ 74,601,124	$ -	$ -	$ 74,601,124
SBA Debt Service Accounts	2,519,793	2,519,793	-	-
Mutual Funds				
Equities	31,275,790	11,370,271	19,905,519	-
Fixed Income and Bond Mutual Funds	209,385,477	81,164,235	114,502,572	13,718,670
Commodities	13,844,242	-	13,844,242	-
Other Investments	12,759,008	-	-	12,759,008
Total Investments by Fair Value Level	344,385,434	$ 95,054,299	$ 148,252,333	$ 101,078,802
Investments Measured at the Net Asset Value (NAV)				
Mutual Funds				
Limited Partnerships	39,086,408			
Equities	14,701,206			
Total Investments Measured at the NAV	53,787,614			
Total Investments Measured at Fair Value	$ 398,173,048			

The valuation method for investments measured at the 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**
Mutual Funds				
Limited Partnerships	$ 39,086,408	$ -	Quarterly/Annually	90 Days
Equities	14,701,206	4,311,142	Illiquid	N/A
Total Investments Measured at the NAV	$ 53,787,614			

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

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

External Investment Pools

The University reported investments at fair value totaling $74,601,124 at June 30, 2021, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities (Level 3 inputs).

Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.60 years and fair value factor of 0.9840 at June 30, 2021. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

State Board of Administration Debt Service Accounts

The University reported investments totaling $2,519,793 at June 30, 2021, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Fixed Income and Bond Mutual Funds

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

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

The future maturities of the securities held in the fixed income and bond mutual funds at June 30, 2021, are as follows:

University Debt Investment Maturities

		Investment Maturities (In Years)			
Type of Investment	**Fair Market Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
Short Term Bond Fund	$ 46,405,783	$ 15,731,815	$ 26,822,320	$ 3,851,648	$ -
Bond Index Fund	34,758,452	299,405	16,743,206	10,316,872	7,398,969
TIPS Index Fund	48,056,712	62,474	22,490,541	17,362,890	8,140,807
Core Fixed Income	34,750,408	1,430,550	17,402,576	9,312,175	6,605,107
Credit Fixed Income	31,342,607	896,403	8,716,154	11,674,139	10,055,911
Student Managed Investment Fund	352,845	20,201	238,317	82,723	11,604
Secured Bank Loans	13,718,670	97,403	7,431,404	6,185,748	4,115
Total	$ 209,385,477	$ 18,538,251	$ 99,844,518	$ 58,786,195	$ 32,216,513

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2021, the securities held in the fixed income and bond mutual funds had credit quality ratings by a nationally-recognized rating agency (i.e., Standard & Poor's or Moody's), as follows:

University Debt Investment Credit Quality Ratings

Type of Investment	**Fair Value**	**AAA / Aaa**	**AA / Aa**	**A**	**BBB / Baa to Not Rated**
Short Term Bond Fund	$ 46,405,783	$ 10,023,566	$ 18,469,348	$ 10,348,403	$ 7,564,466
Bond Index Fund	34,758,452	23,829,543	1,146,319	4,133,696	5,648,894
TIPS Index Fund	48,056,712	48,056,712	-	-	-
Core Fixed Income	34,750,408	20,174,667	667,356	2,005,489	11,902,896
Credit Fixed Income	31,342,607	1,076,756	2,970,361	11,095,537	16,199,953
Student Managed Investment Fund	352,845	208,414	-	85,693	58,738
Secured Bank Loans	13,718,670	-	-	-	13,718,670
Total	$ 209,385,477	$ 103,369,658	$ 23,253,384	$ 27,668,818	$ 55,093,617

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

Discretely Presented Component Unit Investments

The Foundation's investments at June 30, 2021, are reported at fair value as follows:

		Fair Value Measurement Using		
Investments by Fair Value Level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Domestic Equities	$ 155,471,109	$ 155,471,109	$ -	$ -
Global Equities	82,130,848	82,130,848	-	-
Fixed Income	71,737,005	71,737,005	-	-
Land Held for Investments	1,411,550	-	-	1,411,550
Total Investments by Fair Value Level	$ 310,750,512	$ 309,338,962	$ -	$ 1,411,550
Investments Measured at the Net Asset Value (NAV)				
Domestic Equities	498,962			
Global Equities	15,665,557			
Fixed Income	1,200			
Hedge Funds	29,176,871			
Private Investments	69,406,855			
Total Investments Measured at the NAV	114,749,445			
Total Investments Measured at Fair Value (1)	$ 425,499,957			

(1) Included within the disclosures of fair value above are amounts totaling $12,759,008 which are held by the Foundation as a term endowment on behalf of the University.

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**
Equities:				
Domestic Equities	$ 498,962	$ -	Monthly/Quarterly	5 - 45 Days
Global Equities	15,665,557	-	Monthly/Quarterly	6 - 60 Days
Fixed Income:				
Global Bonds	1,200	-	Monthly	10 Days
Hedge Funds:				
Long/Short Equity	24,395,804	-	Monthly - Every 3 Years	30 - 180 Days
Event Driven/Open Mandate	4,781,067	-	Quarterly - Annually	45 - 90 Days
Private Investments:				
Private Equity	38,591,286	30,588,501	Illiquid	N/A
Venture Capital	30,815,569	1,285,000	Illiquid	N/A
Total Investments Measured at the NAV	$ 114,749,445	$ 31,873,501		

Net Asset Value

The investments held at net asset value reflect:

Domestic Equities: This category includes investments in publicly listed equities of companies domiciled in the U.S.

Global Equities: This category includes investments in publicly listed equities of companies domiciled globally.

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

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

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

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

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2021, the Foundation securities held in domestic fixed income of $28,285,519 and $43,451,486 were rated A+ and BBB, respectively by Standard and Poor's.

At June 30, 2021, the Finance Corporation money market mutual fund investments were rated AAAm by Standard and Poor's.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the investments in a single issuer. The Foundation maintains certain investment accounts with financial institutions which are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation, subject to various limitations. At June 30, 2021, approximately $412,740,949 was held in these accounts. The Foundation believes that the number, diversity, and financial strength of the issuers mitigates the credit risks associated with all investments.

The Finance Corporation also maintains investment accounts with financial institutions that are not insured by the FDIC. These investments are made in accordance with the trust indenture. Money market fund shares are not guaranteed by the Federal government. Investments are reported at amortized cost of $3,289,465 at June 30, 2021, which is generally the equivalent of fair value. The Finance Corporation believes that the number, diversity, and financial strength of the issuers mitigate the credit risks associated with all investments.

All of the Finance Corporation's investments at June 30, 2021, are held with Regions Morgan Keegan and are invested in money market funds. According to the bond indenture, the Finance Corporation can invest the bond proceeds in these investment vehicles; there are no stated limitations on the amount that can be invested in any one issuer. The short-term nature of the investments is due to liquidity needs, since those funds are being used for operating expenses and debt service payments.

Interest Rate Risk: Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. A portfolio's weighted average days to maturity (WAM) reflects the average maturity in days based on the final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the fund to interest rate changes. A portfolio's weighted average life (WAL) calculation is based on a security's stated final maturity date or, when relevant, the date of the next demand feature when the fund may receive payment of principal and interest. WAL reflects how a portfolio would react to deteriorating credit or tightening liquidity conditions. The Finance Corporation's money market mutual fund's WAM at June 30, 2021, is 28 days while the WAL is 66 days.

5. RECEIVABLES

Accounts Receivable

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

As of June 30, 2021, the University reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	$ 27,145,604
Contracts and Grants	67,885,777
Other	531,008
Total Accounts Receivable, Net	$ 95,562,389

Loans and Notes Receivable

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

Allowance for Doubtful Receivables

Allowances for doubtful accounts, and loans and notes receivable are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable, and loans and notes receivable are reported net of allowances of $9,878,688 and $1,013,025, respectively, at June 30, 2021.

6. DUE FROM STATE

The amount due from State consists of $21,406,357 of Public Education Capital Outlay, $24,566,875 of Capital Improvement Fee Trust Fund, and $30,554,552 General Revenues allocation for construction of University facilities.

7. DUE FROM AND TO COMPONENT UNITS/UNIVERSITY

The University's financial statements are reported for the fiscal year ended June 30, 2021. One component unit is not presented (see Note 1). Additionally, component units' due from and due to amounts include receivables and payables between the various component units. Accordingly, amounts reported by the University as due from and to component units on the statement of net position do not agree with amounts reported by the component units as due from and to the University.

8. CAPITAL ASSETS

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

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 30,689,426	$ 2,129,428	$ -	$ 32,818,854
Works of Art and Historical Treasures	7,237,024	2,291,334	10,000	9,518,358
Construction in Progress	102,074,203	76,830,907	4,665,498	174,239,612
Total Nondepreciable Capital Assets	$ 140,000,653	$ 81,251,669	$ 4,675,498	$ 216,576,824
Depreciable Capital Assets:				
Buildings	$ 1,200,030,110	$ 456,205	$ -	$ 1,200,486,315
Infrastructure and Other Improvements	49,347,219	3,648,314	-	52,995,533
Furniture and Equipment	156,531,943	13,350,825	6,456,056	163,426,712
Library Resources	130,711,395	1,300,489	-	132,011,884
Leasehold Improvements	752,567	-	-	752,567
Computer Software	3,499,613	169,297	67,853	3,601,057
Total Depreciable Capital Assets	1,540,872,847	18,925,130	6,523,909	1,553,274,068
Less, Accumulated Depreciation:				
Buildings	441,652,746	28,288,787	-	469,941,533
Infrastructure and Other Improvements	22,421,164	2,711,754	-	25,132,918
Furniture and Equipment	115,017,278	10,756,188	5,779,846	119,993,620
Library Resources	109,922,893	4,409,423	-	114,332,316
Leasehold Improvements	648,192	65,921	-	714,113
Computer Software	3,142,771	125,759	63,916	3,204,614
Total Accumulated Depreciation	692,805,044	46,357,832	5,843,762	733,319,114
Total Depreciable Capital Assets, Net	$ 848,067,803	$ (27,432,702)	$ 680,147	$ 819,954,954

9. CURRENT UNEARNED REVENUE

Unearned revenue at June 30, 2021 includes contracts and grant payments received in advance, nonrefundable admission fees, prepaid stadium rental income received from the Finance Corporation, athletic revenues, deferred rent, land use fees, and reservation system fees received prior to fiscal year-end related to subsequent accounting periods.

As of June 30, 2021, the University reported the following amounts as unearned revenue:

Description	Amount
Contracts and Grants	$ 5,245,861
Admission Fees	1,580,665
Stadium Rental Income	1,304,083
Athletic Revenues	215,363
Deferred Rent	164,759
Land Use Fees	52,381
Reservation System Fees	15,198
Total Current Unearned Revenue	$ 8,578,310

10. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2021, include capital improvement debt payable, compensated absences payable, other postemployment benefits payable, the long-term portion of unearned revenue, liability for self-insured claims, net pension liability, and other long-term liabilities.

Long-term liabilities activity for the fiscal year ended June 30, 2021, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	$ 132,917,665	$ 133,229,158	$ 60,783,861	$ 205,362,962	$ 7,932,747
Installment Purchase Payable	495,802	-	495,802	-	-
Compensated Absences Payable	54,652,195	7,433,294	3,991,967	58,093,522	4,190,286
Other Postemployment Benefits Payable	402,994,810	218,017,084	268,447,917	352,563,977	5,870,438
Unearned Revenue	59,376,418	15,268,911	13,021,223	61,624,106	-
Liability for Self-Insured Claims	29,271	255,857	59,271	225,857	106,364
Net Pension Liability	277,227,691	178,885,588	122,158,627	333,954,652	665,568
Other Long-Term Liabilities	2,159,040	-	474,291	1,684,749	-
Total Long-Term Liabilities	$ 929,852,892	$ 553,089,892	$ 469,432,959	$1,013,509,825	$ 18,765,403

Capital Improvement Debt Payable

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

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2015A Student Apartments Refunding	$ 29,105,000	$ 21,329,641	3.00 - 5.00	2034
2020A Student Apartments	71,800,000	80,049,919	3.00 - 5.00	2050
2021A Student Apartments Refunding	46,365,000	52,583,818	2.00 - 5.00	2041
Total Student Housing Debt	147,270,000	153,963,378		
Parking Garage Debt:				
2013A Parking Garage	45,415,000	30,216,142	3.50 - 5.25	2043
2019A Parking Garage Refunding	19,805,000	21,183,442	4.00 - 5.00	2039
Total Parking Garage Debt	65,220,000	51,399,584		
Total Capital Improvement Debt	$ 212,490,000	$ 205,362,962		

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

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and an assessed transportation fee per student to repay $212,490,000 of capital improvement (housing and parking) revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct parking garages and student housing facilities. The bonds are payable solely from housing rental income, parking fees, and assessed transportation fees per student and are payable through 2050. The University has committed to appropriate each year from the housing rental income, parking fees, and assessed transportation fees per student amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $274,846,512, and principal and interest paid for the current year totaled $13,924,887. During the 2020-21 fiscal year, housing rental income totaled $16,542,647, and parking fees totaled $13,214,768, comprised of traffic and parking fees totaling $2,287,545, and assessed transportation fees totaling $10,927,223.

On November 18, 2020, the Florida Board of Governors issued $71,800,000 of Capital Improvement Dormitory Revenue Bonds, 2020A. The capital improvement debt proceeds are being used to finance a portion of the construction of the Parkview II dormitory.

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

- On April 15, 2021, the Florida Board of Governors issued $46,365,000 of Capital Improvement Housing Revenue Refunding Bonds, Series 2021A. The capital improvement debt proceeds were used to defease $7,240,000 and $44,490,000 of outstanding Capital Improvement Housing Revenue Bonds, Series 2011A Refunding and Housing Revenue Bonds, Series 2012A, respectively. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's statement of net position. As a result of the refunding, the University reduced its capital improvement debt service requirement by $11,973,920 over the next 21 years and obtained an economic gain of $10,291,539. At June 30, 2021, there was no outstanding balance of the defeased debt.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 7,040,000	$ 7,296,131	$ 14,336,131
2023	7,145,000	6,944,131	14,089,131
2024	7,465,000	6,625,581	14,090,581
2025	7,885,000	6,260,831	14,145,831
2026	7,460,000	5,875,381	13,335,381
2027-2031	38,380,000	24,202,819	62,582,819
2032-2036	39,975,000	15,851,188	55,826,188
2037-2041	37,620,000	9,175,350	46,795,350
2042-2046	19,975,000	3,958,900	23,933,900
2047-2050	14,600,000	1,111,200	15,711,200
Subtotal	187,545,000	87,301,512	274,846,512
Net Premiums and Losses on Bond Refundings	17,817,962	-	17,817,962
Total	$ 205,362,962	$ 87,301,512	$ 292,664,474

Installment Purchase Payable

The University entered into an installment purchase agreement for the purchase of equipment totaling $2,425,770. The stated interest rate is 1.2515 percent. The installment purchase agreement was paid in full as of June 30, 2021.

Compensated Absences Payable

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2021, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $58,093,522. The current portion of the compensated absences liability, $4,190,286, is the amount expected to be paid in the coming fiscal year, and represents a historical percentage of leave used applied to the total accrued leave liability.

Other Postemployment Benefits Payable

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

General Information about the OPEB Plan

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

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

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of $352,563,977 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020. At June 30, 2020, the University's proportionate share, determined by its proportion of total benefit payments made, was 3.43 percent, which was an increase of 0.25 percent from its proportionate share measured as of June 30, 2019.

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

Inflation	2.60 percent
Salary Increases	Varies by FRS class
Discount Rate	2.66 percent
Healthcare Cost Trend Rates	
PPO Plan	7.78 percent for 2021, decreasing to an ultimate rate of 4.04 percent for 2075 and years later for all employees in the Preferred Provider Option (PPO) Plan.
HMO Plan	5.66 percent for 2021, decreasing to an ultimate rate of 4.04 percent for 2075 and years later for all employees in the Health Maintenance Organization (HMO) Plan.
Retirees' Share of Benefit-related Costs	100 percent of projected health insurance premiums for retirees

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

Mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. This is a change from prior years, which used Generational RP-2000 with Projection Scale BB.

The demographic actuarial assumptions for retirement, withdrawal, disability and salary merit scales used in the July 1, 2020 valuation are consistent with the assumptions used in the July 1, 2018 valuation of the FRS Plan, with the exception of mortality.

The following changes have been made since the prior valuation:

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

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66 percent) or 1 percentage point higher (3.66 percent) than the current rate:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
University's proportionate share of the total OPEB liability	$ 449,477,219	$ 352,563,977	$ 280,173,811

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's proportionate share of the total OPEB liability	$ 270,393,716	$ 352,563,977	$ 468,633,959

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

For the fiscal year ended June 30, 2021, the University recognized OPEB expense of $27,731,855. At June 30, 2021, the University reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 20,599,335
Changes of assumptions or other inputs	46,610,130	133,423,022
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	75,380,503	775,945
Transactions subsequent to the measurement date	5,870,438	-
Total	$ 127,861,071	$ 154,798,302

Of the total amount reported as deferred outflows of resources related to OPEB, $5,870,438 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2022	$ (8,507,616)
2023	(8,507,616)
2024	(8,507,616)
2025	(8,507,619)
2026	(1,460,698)
Thereafter	2,683,496
Total	$ (32,807,669)

Unearned Revenue

Long-term unearned revenue at June 30, 2021, includes Public Education Capital Outlay appropriations for which the University had not yet received approval from the Florida Department of Education to spend the funds. Also included are prepaid stadium rental income received from the Finance Corporation, a National Institute of Health Grant, and land use fees received prior to the fiscal year-end related to subsequent accounting periods.

As of June 30, 2021, the University reported the following amounts as long-term unearned revenue:

Description	Amount
State Capital Appropriations	$ 36,136,201
Stadium Rental Income	14,236,241
National Institute of Health Grant	9,500,000
Land Use Fees	1,751,664
Total Unearned Revenue	$ 61,624,106

Net Pension Liability

As a participating employer in the Florida Retirement System, the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2021, the University's proportionate share of the net pension liabilities totaled $333,954,652.

Other Long-Term Liabilities

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

11. DISCRETELY PRESENTED COMPONENT UNITS DEBT ISSUES

Notes Payable – Florida International University Foundation, Inc.

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

The bonds are secured by an irrevocable letter of credit issued by a commercial bank as described below. The Foundation will finance the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease. The $13 million original principal amount was issued under a variable rate structure with a final maturity date of May 1, 2022. The variable rate on fifty percent of the original issue, $6.5 million, was synthetically fixed at 4.63 percent through February 1, 2015, by way of an interest rate swap agreement with a commercial bank. The bond proceeds were used to acquire, construct, and equip a multi-function support complex located on the Modesto A. Maidique campus and to pay issuance costs. As of June 30, 2021, the outstanding principal balance due under this note payable was $1.1 million. For the year ended June 30, 2021, total interest incurred and paid was $33,109.

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

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

The aggregate maturity of the notes payable, as of June 30, 2021, is $1,075,000 and is due within one year.

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

On August 27, 2010, the Health Care Network entered into a loan agreement totaling $5,321,198 with the University in order to provide working capital and build out capital to fund the expansion of the faculty practice plan and the establishment of the ambulatory care center and other University clinical activities. In June of 2015 the Health Care Network renegotiated the loan agreement with the University and borrowed an additional $3,015,652. In May 2021, the Health Care Network's Board of Directors voted to retire the loan effective July 1, 2021. As a result, the principal balance loaned by the University to Health Care Network of $6,697,216 is classified as a short-term liability. Interest on the loan accrues at two percent simple interest.

Bonds Payable – FIU Athletics Finance Corporation

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

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

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

The bonds are secured by operating and nonoperating revenues as well as University athletic fees, not to exceed 5 percent of the total athletic fees collected. Total principal due at June 30, 2021, was $24,315,000.

The Finance Corporation has funded a debt service reserve fund in accordance with the bond indenture requirement of maintaining an amount equal to the maximum allowable debt service on the bond in the current and any future fiscal year. This debt service reserve fund currently totals $2,782,138 and is included in restricted investments.

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

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

The aggregate maturities of these bonds as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 1,580,000	$ 1,066,013	$ 2,646,013
2023	1,645,000	996,845	2,641,845
2024	1,730,000	927,363	2,657,363
2025	1,825,000	849,284	2,674,284
2026	1,900,000	769,704	2,669,704
Thereafter	15,635,000	2,743,296	18,378,296
Total	$ 24,315,000	$ 7,352,505	$ 31,667,505

12. DERIVATIVE FINANCIAL INSTRUMENTS – DISCRETELY PRESENTED COMPONENT UNITS

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

FIU Athletics Finance Corporation

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

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

Fair Value. As of June 30, 2021, the Finance Corporation interest rate swap agreement has a derivative liability of $3,159,460 as included with reported other long-term liabilities in the statement of net position. The negative fair value was determined using Mark-to-Market Value and represents the closing mid-market values. It was classified in Level 2 of the fair value hierarchy at June 30, 2021.

As of June 30, 2021, the fair value of the Series 2007A ineffective interest rate swap agreement was $1,137,929, which is included with reported other long-term liabilities. This interest rate swap agreement was not terminated when the bonds were refunded in December 2009 nor in December 2016. The interest rate on the refunded Series 2009A bonds reflects a higher rate due to not terminating this interest rate swap agreement. Accordingly, the fair value of $1,137,929 of the ineffective Series 2007A interest rate swap agreement is being amortized over the remaining life of the refunded Series 2009A bonds.

The synthetic instrument method evaluates the effectiveness by quantitative approach. The synthetic instrument method evaluates effectiveness by combining the hedgeable item and the potential hedging derivative instrument to simulate a third synthetic instrument. A potential hedging derivative instrument is effective if its total variable cash flows substantially offset the variable cash flows of the hedgeable item. The Finance Corporation determined that it met the criteria of the synthetic instrument method. Therefore, the change in the fair value of the effective interest rate swap agreement is presented in the component units column of the statement of net position as a deferred outflow of resources in the amount of $2,021,532.

Credit Risk. As of June 30, 2021, the Finance Corporation was not exposed to credit risk because the interest rate swap agreement had a negative fair value. However, should interest rates change and the fair value of the interest rate swap agreement become positive, the Finance Corporation would be exposed to credit risk in the amount of the derivative's fair value.

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

Termination Risk. The derivative contract uses the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes an "additional termination event". That is, the interest rate swap agreement may be terminated if: (i) the loan or other indebtedness in connection with which a transaction entered into by the Finance Corporation for the purpose or with the effect of altering the net combined payment from a floating to fixed or a fixed to floating-rate basis is repaid, whether upon acceleration of principal, at maturity, or otherwise, or for any other reason ceases to be an obligation of the Finance Corporation, with or without the consent of the counterparty; or (ii) any credit support document expires, terminates, or ceases to be of full force and effect. Also, the interest rate swap agreement may be terminated or assigned by the Finance Corporation if the counterparty's long-term, senior, unsecured, unenhanced debt rating is withdrawn, suspended, or falls below at least two of the following: a) "Baa2" as determined by Moody's; or b) "BBB" as determined by Standard and Poor's; or c) "BBB" as determined by Fitch Ratings. As of June 30, 2021, the swap counterparty was rated in excess of the aforementioned requirements.

Swap Payments and Associated Debt. Using rates as of June 30, 2021, debt service requirements of the variable-rate portion of the debt and net swap payments, assuming current interest rates remain the same for their term, are as follows:

	Variable-Rate Bond			
Fiscal Year Ending June 30	**Principal**	**Interest**	**Interest Rate Swap, Net**	**Total**
2022	$ 1,090,000	$ 1,883,991	$ (1,030,043)	$ 1,943,948
2023	1,135,000	1,762,083	(963,392)	1,933,691
2024	1,185,000	1,635,141	(891,958)	1,928,183
2025	1,245,000	1,502,607	(821,527)	1,926,080
2026	1,300,000	1,363,363	(745,398)	1,917,965
Thereafter	10,890,000	5,089,404	(2,870,731)	13,108,673
Total	$ 16,845,000	$ 13,236,589	$ (7,323,049)	$ 22,758,540

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

13. RETIREMENT PLANS DEFINED BENEFIT PENSION PLANS

General Information about the Florida Retirement System (FRS)

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

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 $66,908,435 for the fiscal year ended June 30, 2021.

FRS Pension Plan

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

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

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

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

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

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

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

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

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

Contribution rates during the 2020-21 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
Florida Retirement System, Regular	3.00	10.00
Florida Retirement System, Senior Management Service	3.00	27.29
Florida Retirement System, Special Risk	3.00	24.45
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	16.98
Florida Retirement System, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.
(2) Contribution rates are dependent upon retirement class in which reemployed.

The University's contributions to the Plan totaled $23,822,815 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the University reported a liability of $270,111,316 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The University's proportionate share of the net pension liability was based on the University's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the University's proportionate share was 0.623216732 percent, which was a decrease of 0.012828371 from its proportionate share measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of $60,278,909. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 10,337,710	$ -
Change of Assumptions	48,898,742	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	16,082,687	-
Changes in Proportion and Differences Between University FRS Contributions and Proportionate Share of FRS Contributions	6,658,008	2,714,273
University FRS Contributions Subsequent to the Measurement Date	23,822,815	-
Total	$ 105,799,962	$ 2,714,273

The deferred outflows of resources related to pensions totaling $23,822,815, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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

Fiscal Year Ending June 30	Amount
2022	$ 17,166,134
2023	25,375,220
2024	21,591,169
2025	12,641,603
2026	2,488,748
Total	$ 79,262,874

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

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

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

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

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

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1 %	2.2 %	2.2 %	1.2 %
Fixed Income	19 %	3 %	2.9 %	3.5 %
Global Equity	54.2 %	8 %	6.7 %	17.1 %
Real Estate (Property)	10.3 %	6.4 %	5.8 %	11.7 %
Private Equity	11.1 %	10.8 %	8.1 %	25.7 %
Strategic Investments	4.4 %	5.5 %	5.3 %	6.9 %
Total	100 %			
Assumed Inflation - Mean			2.4 %	1.7 %

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

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

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
University's Proportionate Share of the Net Pension Liability	$ 431,322,378	$ 270,111,316	$ 135,467,136

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled $3,122,998 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the University reported a liability of $63,843,336 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within one year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The University's proportionate share of the net pension liability was based on the University's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the University's proportionate share was 0.522884423 percent, which was an increase of 0.002886058 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the University recognized pension expense of $6,629,526. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 2,611,579	$ 49,251
Change of Assumptions	6,864,977	3,712,240
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	50,973	-
Changes in Proportion and Differences Between University HIS Contributions and Proportionate Share of HIS Contributions	3,385,224	-
University HIS Contributions Subsequent to the Measurement Date	3,122,998	-
Total	$ 16,035,751	$ 3,761,491

The deferred outflows of resources totaling $3,122,998 resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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

Fiscal Year Ending June 30	Amount
2022	$ 2,667,176
2023	1,946,080
2024	923,363
2025	1,255,255
2026	1,365,891
Thereafter	993,497
Total	$ 9,151,262

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

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	2.21 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 2.21 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2020 valuation was updated from 3.50 percent to 2.21 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 2.21 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
University's Proportionate Share of the Net Pension Liability	$ 73,800,048	$ 63,843,336	$ 55,693,797

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

14. RETIREMENT PLANS DEFINED CONTRIBUTION PENSION PLANS

FRS Investment Plan

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

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

Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

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

The University’s Investment Plan pension expense totaled $6,023,997 for the fiscal year ended June 30, 2021.

State University System Optional Retirement Program

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant’s salary to the participant’s account, 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs for a total of 8.59 percent, and employees contribute 3 percent of the employee’s salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant’s annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University’s contributions to the Program totaled $22,718,548 and employee contributions totaled $13,781,107 for the 2020-21 fiscal year.

15. CONSTRUCTION COMMITMENTS

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

Project Description	Total Commitment	Completed to Date	Balance Committed
Parkview Housing Phase II	$ 95,286,629	$ 48,417,559	$ 46,869,070
SIPA Building Phase II	33,463,958	5,120,159	28,343,799
World for Tropical Botany	6,759,279	1,088,392	5,670,887
Subtotal	135,509,866	54,626,110	80,883,756
Projects with Balance Committed Under $3 Million	146,753,952	119,613,502	27,140,450
Total	$ 282,263,818	$ 174,239,612	$ 108,024,206

16. OPERATING LEASE COMMITMENTS - INCLUDES RELATED PARTY TRANSACTION WITH FOUNDATION

The University leased building space under operating leases, which expire in 2034. These leased assets and the related commitments are not reported on the University's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. Included in the annual payments below are the minimum payments required for the operating lease due to the Foundation as described in the Florida International University Foundation, Inc. related party transaction note following this note.

Future minimum lease commitments for noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2022	$ 5,631,300
2023	2,842,754
2024	2,125,347
2025	1,778,714
2026	1,688,240
2027-2031	5,820,817
2032-2034	3,744,144
Total Minimum Payments Required	$ 23,631,316

17. OPERATING LEASE COMMITMENTS - RELATED PARTY TRANSACTIONS

Florida International University Foundation, Inc.

On December 1, 1999, the former Board of Regents of the State University System of the State of Florida for and on behalf of the University entered into a ground lease agreement with the Foundation. Under this agreement, the Foundation leases from the University the grounds on which a multi-function support complex facility was built on the Modesto A. Maidique campus. The consideration required to be paid by the Foundation is $10 annually. The ground lease will expire on December 31, 2024, or on the date the Foundation makes its final payment under a letter of credit agreement related to the financing of the facility. Total amounts paid to the Foundation under this agreement were $1,834,138 for the year ended June 30, 2021.

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

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

The Foundation expects to donate the facility to the University once the final payment is made under the letter of credit agreement, on May 1, 2022. The cost of the leased asset is $13,325,539 and the net book value $7,088,317.

Minimum future rentals as of June 30, 2021 are $1,418,000 and are receivable within one year.

FIU Athletics Finance Corporation

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

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

Fiscal Year Ending June 30	Amount
2022	$ 1,304,083
2023	1,304,083
2024	1,304,083
2025	1,304,083
2026	1,304,083
Thereafter	9,019,910
Total Minimum Payments Required	$ 15,540,325

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

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

On July 1, 1997, the Foundation entered into a gift agreement (Agreement) with Mitchell Wolfson, Jr., the Wolfsonian, and the University, whereby Mitchell Wolfson, Jr. agreed to donate all rights, title, and interest in and to all objects constituting the Mitchell Wolfson, Jr. Collection of Decorative and Propaganda Arts to the Foundation, subject to a loan agreement made and entered into by the Wolfsonian and Mr. Wolfson, Jr. dated July 29, 1991. The loan agreement was extended through to July 2021, at which time it can be renewed for an additional period of ten years.

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

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

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

The most significant of the obligations under the Agreement is for the University to provide the Wolfsonian with the same financial support from its general budget, as provided to other departments, and to continue the museum and educational activities and operations of the Wolfsonian. The University provided support of approximately $2.6 million during the 2020-21 fiscal year for Wolfsonian expenses which included salaries, equipment, administrative expenses, insurance premiums for the art collection, and building security. In addition, the University provided support of approximately $0.3 million during the 2020-21 fiscal year for utilities, repairs, and maintenance expenses for buildings used by the Wolfsonian.

19. RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2020-21 fiscal year, for property losses, the State retained the first $2 million per occurrence for all perils except named windstorm and flood. The State retained the first $2 million per occurrence with an annual aggregate retention of $40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of $2 million per occurrence were commercially insured up to $62.75 million for named windstorm and flood through February 14, 2021, and decreased to $57.5 million starting February 15, 2021. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $162.25 million through February 14, 2021 and increased to $167.5 million starting February 15, 2021; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to $200,000 per person, and $300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

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

University Self-Insurance Program

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

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

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

Changes in the balances of claims liability for the Self-Insurance Program during the 2019-20 and 2020-21 fiscal years are presented in the following table:

Fiscal Year Ended	Claims Liabilities Beginning of Year	Current Claims and Changes in Estimates	Claim Payments	Claims Liabilities End of Year
June 30, 2020	$ 213,201	$ 35,285	$ (219,215)	$ 29,271
June 30, 2021	29,271	230,753	(34,167)	225,857

20. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

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

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

Functional Classification	Amount
Instruction	$ 354,817,051
Research	170,375,701
Public Services	12,477,856
Academic Support	125,168,215
Student Services	69,099,265
Institutional Support	107,419,912
Operation and Maintenance of Plant	57,512,541
Scholarships, Fellowships, and Waivers	139,851,660
Depreciation	46,357,832
Auxiliary Enterprises	58,196,087
Total Operating Expenses	$ 1,141,276,120

21. SEGMENT INFORMATION

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

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

Condensed Statement of Net Position

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Assets		
Current Assets	$ 34,684,526	$ 11,777,936
Capital Assets, Net	168,453,195	94,693,144
Other Noncurrent Assets	37,045,102	67,594
Total Assets	240,182,823	106,538,674
Liabilities		
Current Liabilities	7,464,558	3,794,083
Noncurrent Liabilities	149,639,882	48,295,139
Total Liabilities	157,104,440	52,089,222
Net Position		
Net Investment in Capital Assets	44,323,813	43,358,171
Restricted - Expendable	6,162,990	50,671
Unrestricted	32,591,580	11,040,610
Total Net Position	$ 83,078,383	$ 54,449,452

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

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Operating Revenues	$ 16,542,647	$ 13,214,768
Depreciation Expense	(3,920,001)	(3,255,274)
Other Operating Expenses	(10,438,651)	(6,763,086)
Operating Income	2,183,995	3,196,408
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	11,487,426	3,220,763
Interest Expense	(3,441,462)	(2,097,011)
Other Nonoperating Expenses	(2,580,155)	-
Net Nonoperating Revenues	5,465,809	1,123,752
Income Before Transfers	7,649,804	4,320,160
Net Transfers	2,963	(229,120)
Increase in Net Position	7,652,767	4,091,040
Net Position, Beginning of Year	75,425,616	50,358,412
Net Position, End of Year	$ 83,078,383	$ 54,449,452

Condensed Statement of Cash Flows

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Net Cash Provided (Used) by:		
Operating Activities	$ 6,127,536	$ 6,698,804
Noncapital Financing Activities	10,904,734	-
Capital and Related Financing Activities	27,950,470	(3,708,474)
Investing Activities	(46,701,873)	(1,578,654)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,719,133)	1,411,676
Cash and Cash Equivalents, Beginning of Year	1,879,129	1,659,593
Cash and Cash Equivalents, End of Year	$ 159,996	$ 3,071,269

22. DISCRETELY PRESENTED COMPONENT UNITS

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

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

Condensed Statement of Net Position
Direct-Support Organizations

	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	Total
Assets				
Current Assets	$ 36,596,690	$ 3,638,632	$ 10,597,522	$ 50,832,844
Capital Assets, Net	14,789,494	3,650	31,232	14,824,376
Other Noncurrent Assets	424,361,882	17,018,380	1,002,687	442,382,949
Total Assets	475,748,066	20,660,662	11,631,441	508,040,169
Deferred Outflows of Resources	-	2,197,984	-	2,197,984
Liabilities				
Current Liabilities	4,892,404	1,824,196	8,968,616	15,685,216
Noncurrent Liabilities	547,692	26,746,701	-	27,294,393
Total Liabilities	5,440,096	28,570,897	8,968,616	42,979,609
Net Position				
Net Investment in Capital Assets	13,171,584	3,650	31,232	13,206,466
Restricted Nonexpendable	191,376,258	-	-	191,376,258
Restricted Expendable	183,178,127	-	-	183,178,127
Unrestricted	82,582,001	(5,715,901)	2,631,593	79,497,693
Total Net Position	$ 470,307,970	$ (5,712,251)	$ 2,662,825	$ 467,258,544

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

	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	Total
Operating Revenues	$ 81,549,772	$ 4,139,793	$ 11,169,782	$ 96,859,347
Depreciation Expense	(744,623)	(21,900)	(59,179)	(825,702)
Operating Expenses	(43,227,979)	(1,871,957)	(5,676,362)	(50,776,298)
Operating Income	37,577,170	2,245,936	5,434,241	45,257,347
Net Nonoperating Revenues (Expenses)				
Investment Income	87,296,896	458	5,056	87,302,410
Interest Expense	(33,109)	(1,020,320)	(140,965)	(1,194,394)
Other Nonoperating Revenues (Expenses)	15,955,133	(1,000,000)	(3,211,041)	11,744,092
Net Nonoperating Revenues (Expenses)	103,218,920	(2,019,862)	(3,346,950)	97,852,108
Increase in Net Position	140,796,090	226,074	2,087,291	143,109,455
Net Position, Beginning of Year	329,996,792	(5,938,325)	575,534	324,634,001
Adjustment to Beginning Net Position (1)	(484,912)	-	-	(484,912)
Net Position, End of Year	$ 470,307,970	$ (5,712,251)	$ 2,662,825	$ 467,258,544

Note: (1) Foundation implemented GASB Statement No. 84, Fiduciary Activities, which resulted in an adjustment to beginning net position. See Note 2, for additional details.

23. COVID-19 UNCERTAINTIES

As governments and businesses continue their efforts towards normalizing operations from the lasting effects of the COVID-19 pandemic, recovery is disproportionate globally and this presents a mixture of risks and challenges including economic uncertainty, disrupted supply chains promoted by staffing shortages, new hybrid working patterns influencing workforce recruitment and retention, and winding up of government financial support programs. These considerations, along with the continuing threat of new variants of the coronavirus emerging, present uncertainties that can have a potential impact on normalization efforts, business operations and economic recovery. Consequently, the University and its component units continue their vigilance of potential development in both the domestic and international landscape relative to the COVID-19 pandemic as the duration, resulting future economic impacts and lingering effects on University operations remain uncertain. The extent to which the pandemic impacts University operations going forward will depend on numerous evolving factors which cannot be reliably predicted at this time.

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

	2020 (1)	2019 (1)	2018 (1)	2017 (1)
University's Proportion of the Total Other Postemployment Benefits Liability	3.43 %	3.18 %	2.57 %	2.57 %
University's Proportionate Share of the Total Other Postemployment Benefits Liability	352,563,977	402,994,810	271,175,000	277,334,000
University's Covered Payroll	441,956,666	426,565,567	402,854,082	388,298,438
University's Proportionate Share of the Total Other Postemployment Benefits Liability as a Percentage of its Covered Payroll	79.77 %	94.47 %	67.31 %	71.42 %

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

Notes to Required Supplementary Information:

No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75 to pay related benefits. The University's June 30, 2021, proportionate share of the total OPEB liability increased significantly from the prior fiscal year as a result of changes to assumptions as discussed below.

Changes in Assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the census data, a change to the discount rate, the removal of the excise tax that was scheduled to take effect in 2022, the use of actual claims information, an update in the trend rate, and an update to the mortality rate. Refer to Note 10 to the financial statements for further detail.

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

	2020 (1)	2019 (1)	2018 (1)	2017 (1)
University's Proportion of the FRS Net Pension Liability	0.62%	0.64%	0.62%	0.58%
University's Proportionate Share of the FRS Net Pension Liability	$270,111,316	$219,045,078	$186,930,731	$172,260,097
University's Covered Payroll (2)	$441,956,666	$426,565,567	$402,854,082	$388,298,438
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	61.12 %	51.35 %	46.40 %	44.36 %
FRS Plan Fiduciary Net Pension as a Percentage of the FRS Total Pension Liability	78.85 %	82.61 %	84.26 %	83.89 %

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

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

Notes to Required Supplementary Information:

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

FLORIDA INTERNATIONAL UNIVERSITY

OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM PENSION PLAN

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

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

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

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

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

Notes to Required Supplementary Information:

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

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

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

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

	2020 (1)	2019 (1)	2018 (1)	2017 (1)
University's Proportion of the HIS Net Pension Liability	0.52%	0.52%	0.50%	0.49%
University's Proportionate Share of the HIS Net Pension Liability	$ 63,843,336	$ 58,182,613	$ 53,094,937	$ 52,274,414
University's Covered Payroll (2)	$178,126,318	$168,199,711	$156,730,885	$168,353,927
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	35.84 %	34.59 %	33.88 %	31.05 %
HIS Plan Fiduciary Net Pension as a Percentage of the HIS Total Pension Liability	3.00 %	2.63 %	2.15 %	1.64 %

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

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

Notes to Required Supplementary Information:

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

FLORIDA INTERNATIONAL UNIVERSITY

OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - HEALTH INSURANCE SUBSIDY PENSION PLAN

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

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

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

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

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

Notes to Required Supplementary Information:

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

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

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

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 8, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 8, 2022
Audit Report No. 2022-144


We were all born to lead

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ANNUAL REPORT 2020-2021