FLORIDA INTERNATIONAL UNIVERSITY

ANNUAL REPORT 2019-2020

BOARD OF TRUSTEES AND PRESIDENT

During the 2019-20 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:

Claudia Puig, Chair

Dr. Jose J. Armas, MD, Vice Chair

Cesar L. Alvarez, JD

Leonard Boord

Dean C. Colson, JD

Gerald C. Grant, Jr.

Donna J. Hrinak, from January 6, 2020

Michael G. Joseph, to January 30, 2020

Natasha Lowell

Justo L. Pozo, to January 5, 2020

T. Gene Prescott, from January 31, 2020

Dr. Joerg Reinhold (2)

Sabrina L. Rosell, to May 10, 2020 (1)

Marc D. Sarnoff

Rogelio Tovar

Alexandra Valdes, from May 11, 2020 (1)

Notes: (1) Student Body President.

(2) Faculty Senate Chair.


WELCOME TO
FIU

FLORIDA INTERNATIONAL UNIVERSITY

ANNUAL REPORT 2019-20

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FIU

Message from the President

Following the end of our academic and fiscal year, I want to share with you the great things happening at Florida International University (FIU).

As a Carnegie R1 (highest research activity) institution, FIU remains at the forefront of research and innovation and continues to be a solutions center for our community and the world's most pressing problems and concerns.

Never has that been more apparent than these last few months, when our community and the entire world have grappled with the devastating impact of the coronavirus pandemic. It is thanks to the exceptional work, talent and commitment of our FIU family that our university has responded to the needs of our community during such a troublesome time.

From partnering with Miami-Dade County and the Miami-Dade County Fair to operate a COVID-19 test site adjacent to one of our campuses, to producing massive quantities of personal protective equipment for frontline healthcare workers, to placing our health and medical experts on local and national media to share their knowledge on the coronavirus, our FIU has left an impact in the communities we serve.

Internally, FIU has also reinvented itself to adjust to restrictions posed by COVID-19. Our faculty quickly transitioned to remote teaching and has kept our students engaged throughout the last few months. With in-person events suspended temporarily, FIU produced two virtual commencement celebrations, graduating close to 11,000 Panthers. Research labs remained operational all throughout, and our university continued to provide services to students, faculty and staff despite the difficult circumstances.

Meanwhile, our FIU continued to shine, with significant achievements in rankings and other accolades. FIU is ranked among the top 100 public universities in the U.S. and number 19 in social mobility by U.S. News & World Report, a top three young university by Times Higher Education, and number 18 national public university in Washington Monthly Magazine. We proudly graduate more Hispanics with bachelor's and master's degrees than any other university in the continental U.S., and once again were recognized as a Great College to Work For.

It is thanks to the exceptional work of the FIU family that we were able to accomplish so much during such trying times.

We are excited about what's next, about a future where every learner will be on their own individualized educational pathway. We are doing all this while not turning our backs on the needs of our diverse and dynamic surrounding communities.

We are committed to remain a top-50 public research university and look forward to a future that honors our tradition of being a solutions center, stewards of the public trust and an institution that celebrates excellence and opportunity.

Sincerely,

Mark B. Rosenberg


FIU

Introduction from the Senior Vice President and Chief Financial Officer

The unprecedented challenges of the past year due to the COVID-19 pandemic served as a test of our ingenuity, abilities, and resilience. Our unrelenting efforts to fulfill our responsibilities to our students, faculty and staff and community remained steadfast. The extent of the financial ramifications from this pandemic remain unknown, but even as we face those uncertainties, our commitment to exercising reliable stewardship and accountability of the resources entrusted to us remain our highest priority.

FIU is resolute in its pledge 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.

Reflecting on the past year and all the challenges we were able to overcome, at FIU we are proud of our team. We continued making strides in achieving remarkable success academically, strategically and operationally. I am pleased to present the 2019-20 Annual Financial Report for Florida International University and I am proud to share the following notable accomplishments and achievements.

Strategic initiatives:

- The university acquired the Torrey Pines Institute for Molecular Studies facility in Port St. Lucie, providing critically needed laboratories and support facilities that will enable FIU to conduct basic research to advance the understanding of human disease and the improvement of human health.
- We started construction on Parkview II Housing at the MMC campus, a $91 million, 300,000-square-foot, 13-story upper-division residence hall containing 700 beds, study lounges, and space for student education and social activities.
- FIU received a legislative appropriation of $8.3 million toward the design and construction of a new engineering building on the MMC campus. This completes the final portion of state funding for this much needed facility that contains classrooms, teaching labs, research labs, and computer and instructional media spaces in the fields of biomedical engineering, health sciences, engineering, computer science and robotics.
- We continued to invest in our students and faculty by expanding student scholarships, IT infrastructure, student success initiatives, and research excellence as a result of a special $15 million legislative appropriation to rise in the US News rankings.

As FIU continues to execute our strategic plan in pursuit of its institutional mission in the coming year, we are confident in our progress. 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

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

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, 2020, 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, 2020, 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 Matters

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 Florida International University's basic financial statements. The Message from the President and the Introduction from the Senior Vice President and Chief Financial Officer, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Message from the President and the Introduction from the Senior Vice President and Chief Financial Officer have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of 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 Florida International University's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
December 17, 2020
Audit Report No. 2021-085

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, 2020, 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, 2020, and June 30, 2019.

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)

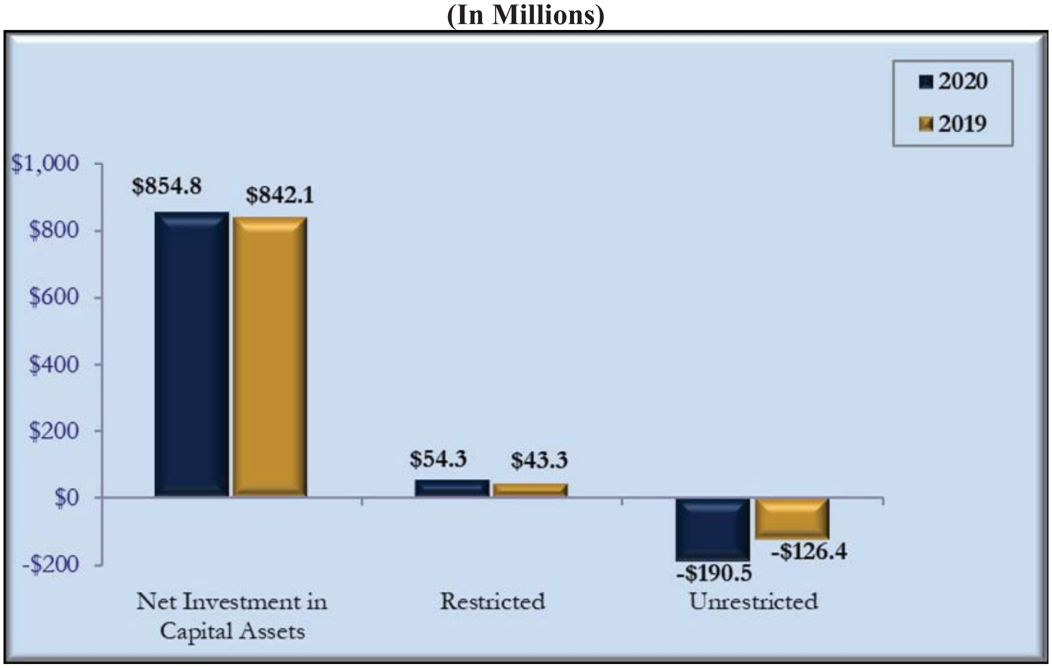
Information regarding these component units, including summaries of the discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component units. For the component 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, 2020, and June 30, 2019, 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)

	2020	2019
Assets		
Current Assets	$ 541.3	$ 515.0
Capital Assets, Net	988.1	985.9
Other Noncurrent Assets	32.9	23.7
Total Assets	1,562.3	1,524.6
Deferred Outflows of Resources	229.3	130.2
Liabilities		
Current Liabilities	76.3	75.7
Noncurrent Liabilities	911.3	743.7
Total Liabilities	987.6	819.4
Deferred Inflows of Resources	85.4	76.4
Net Position		
Net Investment in Capital Assets	854.8	842.1
Restricted	54.3	43.3
Unrestricted	(190.5)	(126.4)
Total Net Position	$ 718.6	$ 759.0

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", was classified as a global pandemic in March 2020. This pandemic resulted in governments enacting emergency measures such as travel bans, quarantine periods, and social distancing requirements to combat the spread of the virus. These measures caused a material disruption to businesses globally resulting in an economic slowdown. The Federal government reacted with significant monetary and fiscal interventions such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act designed to stabilize economic conditions. This pandemic significantly affected the University's operations and the effects are explained in various sections of the MD&A.

Total assets as of June 30, 2020, increased by $37.7 million, or 2.5 percent. This increase is primarily due to an increase in combined cash and cash equivalents and investments of $39.4 million mainly driven by a reduction of $23.2 million in service and supply expenses resulting from remote learning and work measures implemented in response to COVID-19 circumstances. Also contributing to the increase in cash and cash equivalents and investments were non-recurring increases in nonoperating revenue consisting of $9.5 million received from the legal settlement associated with the 8th Street pedestrian bridge collapse, $1.9 million received from FEMA for Hurricane Irma claims, and $3.2 million in CARES Act Institutional funding for housing fees previously refunded to students prompted by COVID-19 measures, and reductions in receivables of $7.2 million due from students and research grant sponsors. These increases were offset by a net reduction of student tuition and fees of $7.2 million.

Total liabilities as of June 30, 2020, increased by $168.2 million, or 20.5 percent. This increase resulted from increases of $131.8 million and $37.2 million for the University's proportionate share of other postemployment benefits payable (OPEB) and net pension liabilities, respectively, $5.8 million in noncurrent unearned State capital appropriations and $5.7 million in compensated absences payable. These increases were offset by decreases in capital improvement debt payable of $9.8 million and $2.5 million of current unearned revenues.

Deferred outflows of resources and deferred inflows of resources increased $99.1 million and $9 million, respectively, related to pensions and other postemployment benefits.

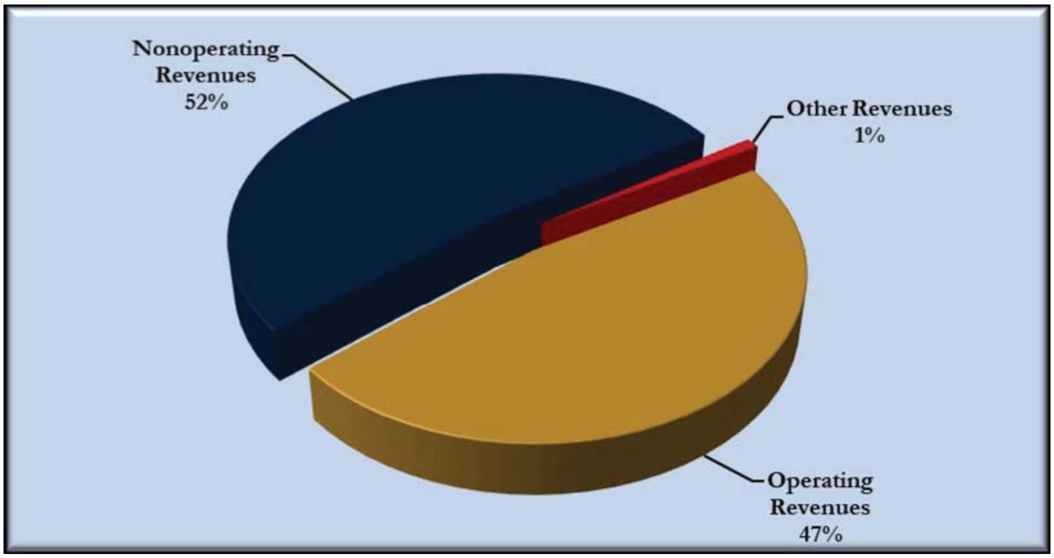
As a result, the University's net position decreased by $40.4 million, or 5.3 percent, resulting in a fiscal year-end balance of $718.6 million, which includes a deficit in unrestricted net position. This deficit is discussed further in the notes to the financial statements.

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 2019-20 fiscal year:

Total Revenues



The following summarizes the University's activity for the 2019-20 and 2018-19 fiscal years:

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

	2019-20	2018-19
Operating Revenues	$ 532.5	$ 549.0
Less, Operating Expenses	1,156.4	1,076.8
Operating Loss	(623.9)	(527.8)
Net Nonoperating Revenues	567.3	531.5
(Loss) Income Before Other Revenues	(56.6)	3.7
Other Revenues	5.1	4.7
Net (Decrease) Increase in Net Position	(51.5)	8.4
Net Position, Beginning of Year	759.0	750.6
Adjustment to Beginning Net Position (1)	11.1	-
Net Position, Beginning of Year, as Restated	770.1	750.6
Net Position, End of Year	$ 718.6	$ 759.0

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 2019-20 and 2018-19 fiscal years:

Operating Revenues
(In Millions)

The following summarizes the operating revenues by source that were used to fund operating activities for the 2019-20 and 2018-19 fiscal years:

Operating Revenues
For the Fiscal Years
(In Millions)

	2019-20	2018-19
Student Tuition and Fees, Net	$ 272.7	$ 279.9
Grants and Contracts	132.6	126.2
Sales and Services of Educational Departments	0.8	1.3
Sales and Services of Auxiliary Enterprises	103.8	115.2
Other	22.6	26.4
Total Operating Revenues	$ 532.5	$ 549.0

The University total operating revenues decreased by $16.5 million, or 3 percent, over the 2018-19 fiscal year. Operating revenue changes were the result of the following factors:

- Net student tuition and fees revenue decreased $7.2 million. While tuition and fees revenue increased by $10.5 million the scholarship allowance increased by a considerable amount of $17.8 million driven primarily by an increase in institutional resources provided as financial aid.
- Grants and contracts overall revenue increased $6.4 million. This resulted primarily from higher revenue earned from Federal grants.

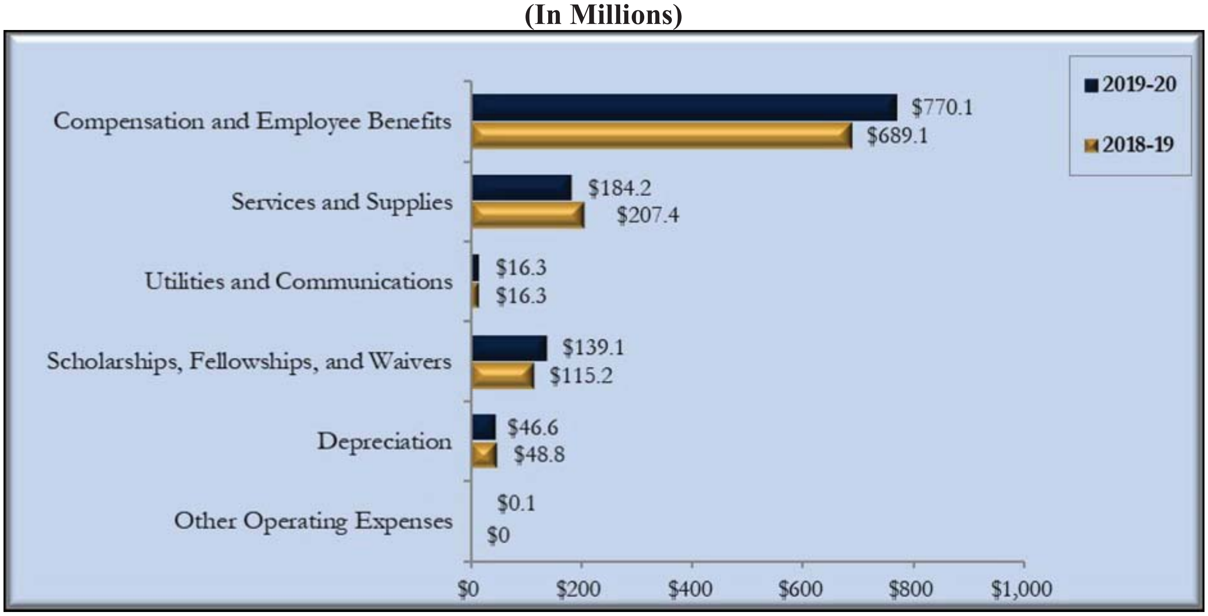
- Sales and Services of Auxiliary Enterprises revenue decreased $11.4 million, mainly driven by a $6.6 million decline in housing revenue resulting from a $4.7 million revenue reduction due to a change in accounting for the meal plans prompted by a change in meal plan providers as well as reduced revenues due to the evacuation and closures of housing facilities during the Spring and Summer terms to limit the spread of COVID-19. While the University received $3.2 million of CARES Act Institutional funding as reimbursements for housing refunds issued to students, these funds were classified as nonoperating revenues, and are therefore not included in operating revenues. Finally, private revenues decreased significantly due to events and programs being cancelled by the COVID-19 pandemic.

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 2019-20 and 2018-19 fiscal years:

Operating Expenses
(In Millions)



The following summarizes the operating expenses by natural classification for the 2019-20 and 2018-19 fiscal years:

Operating Expenses
For the Fiscal Years
(In Millions)

	2019-20	2018-19
Compensation and Employee Benefits	$ 770.1	$ 689.1
Services and Supplies	184.2	207.4
Utilities and Communications	16.3	16.3
Scholarships, Fellowships, and Waivers	139.1	115.2
Depreciation	46.6	48.8
Other Operating Expenses	0.1	-
Total Operating Expenses	$ 1,156.4	$ 1,076.8

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

- Compensation and employee benefits increased $81 million, or 11.8 percent. This increase resulted primarily from additional expenses of $25.6 million and $21.7 million for the University's proportionate share of OPEB and pension expenses, respectively. Salaries and benefits increased $33.7 million primarily due to a combination of a one percent across the board salary increase for eligible employees, a one-time merit bonus of one percent for eligible employees, and higher costs for employee health insurance.
- Service and supply expenses decreased $23.2 million, or 11.2 percent. The decrease primarily resulted from reduced expenses associated with measures to prevent COVID-19 spread that included the transition to remote learning and work environments, travel bans, and cancellations of on-campus activities and events to promote social distancing due to the pandemic.
- Scholarship, fellowship, and waiver expenses increased by $23.9 million, or 20.7 percent. The net increase was mostly driven by $19.2 million in CARES Act relief stipends, additional funding in Bright Futures programs of $9.1 million, Pell scholarships of $9.1 million, and Opportunity grant scholarships of $4.9 million. These increases were offset by $17.8 million in incremental expenses that were classified to the scholarship allowance.

Nonoperating Revenues and Expenses

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

The following summarizes the University's nonoperating revenues and expenses for the 2019-20 and 2018-19 fiscal years:

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

	2019-20	2018-19
State Noncapital Appropriations	$ 323.4	$ 322.4
Federal and State Student Financial Aid	201.2	173.4
Noncapital Grants, Contracts, and Gifts	24.2	24.6
Investment Income	15.7	17.0
Other Nonoperating Revenues	16.3	1.7
Loss on Disposal of Capital Assets	(6.3)	(0.2)
Interest on Capital Asset-Related Debt	(5.2)	(6.5)
Other Nonoperating Expenses	(2.0)	(0.9)
Net Nonoperating Revenues	$ 567.3	$ 531.5

Net nonoperating revenues increased by $35.8 million, or 6.7 percent, from the 2018-19 fiscal year. Increases in Federal and State student financial aid and other nonoperating revenues were the major contributors to this increase. These increases were partially offset by an increase in the loss on disposal of capital assets. Net nonoperating revenues changes were due mainly to the following factors:

- Federal and State student financial aid increased by $27.8 million, primarily due to $19.2 million in CARES Act funds used for stipends to students, higher revenue of $4.8 million from Pell Grants, and $3.7 million from Bright Futures Grants.
- Other nonoperating revenue increased by $14.6 million primarily due to $9.5 million from the legal settlement proceeds for the 8th Street pedestrian bridge collapse, $3.2 million in CARES Act Institutional funds used as reimbursements for student housing fee refunds, and $1.9 million for Hurricane Irma reimbursements received from FEMA.
- Loss on disposal of capital assets increased $6.1 million as the result of the write-off of the costs included in construction in progress for the collapsed 8th Street pedestrian bridge structure.

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 2019-20 and 2018-19 fiscal years:

Other Revenues
For the Fiscal Years
(In Millions)

	2019-20	2018-19
State Capital Appropriations	$ 4.0	$ -
Capital Grants, Contracts, and Donations	1.1	4.7
Total	$ 5.1	$ 4.7

Total other revenues increased by $0.4 million, or 8.5 percent, due to an increase of $4 million in revenue earned from State capital appropriations for construction projects as compared to the 2018-19 fiscal year. This increase was offset by a decrease of $3.6 million in capital grants, contracts, and donations received during the fiscal year.

THE STATEMENT OF CASH FLOWS

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

The following summarizes cash flows for the 2019-20 and 2018-19 fiscal years:

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

	2019-20	2018-19
Cash Provided (Used) by:		
Operating Activities	$ (485.9)	$ (458.5)
Noncapital Financing Activities	552.9	523.2
Capital and Related Financing Activities	(43.3)	(42.6)
Investing Activities	(20.0)	(22.6)
Net Increase (Decrease) in Cash and Cash Equivalents	3.7	(0.5)
Cash and Cash Equivalents, Beginning of Year	6.5	7.0
Cash and Cash Equivalents, End of Year	$ 10.2	$ 6.5

Major sources of funds came from proceeds from sales and maturities of investments ($1.1 billion), State noncapital appropriations ($323.3 million), net student tuition and fees ($272.5 million), Federal Direct Student Loan program receipts ($244.5 million), Federal and State student financial aid ($201.2 million), grants and contracts ($138.4 million), and sales and services of auxiliary enterprises ($102.7 million). Major uses of funds were for purchases of investments ($1.1 billion), payments made to and on behalf of employees ($682.3 million), disbursements to students for Federal Direct Student Loan program ($244.5 million), payments to suppliers ($206.9 million), payments to and on behalf of students for scholarships and fellowships ($139.1 million), and purchases of capital assets ($41.6 million).

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the University had $1.7 billion in capital assets, less accumulated depreciation of $692.8 million, for net capital assets of $988.1 million. Depreciation for the current fiscal year totaled $46.6 million.

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

Capital Assets, Net at June 30
(In Millions)

	2020	2019
Land	$ 30.7	$ 30.7
Works of Art and Historical Treasures	7.2	6.7
Construction in Progress	102.1	92.1
Buildings	758.4	765.2
Infrastructure and Other Improvements	26.9	28.7
Furniture and Equipment	41.5	40.7
Library Resources	20.8	21.2
Leasehold Improvements	0.1	0.2
Computer Software	0.4	0.4
Capital Assets, Net	$ 988.1	$ 985.9

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, 2020, were incurred on the following projects: $7 million for User Paid Capital Construction projects and $2.9 million for Parkview Housing Phase II.

The University's construction commitments at June 30, 2020, are as follows:

	Amount (In Millions)
Total Committed	$ 136.9
Completed to Date	(102.1)
Balance Committed	$ 34.8

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

Debt Administration

As of June 30, 2020, the University had $133.4 million in outstanding capital improvement debt payable and installment purchase payable, representing a decrease of $10.4 million, or 7.2 percent, from the prior fiscal year.

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

Long-Term Debt, at June 30

(In Millions)

	2020	2019
Capital Improvement Debt	$ 132.9	$ 142.8
Installment Purchase Payable	0.5	1.0
Total	$ 133.4	$ 143.8

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

Florida's economy grew by 2.8 percent for the 2019 calendar year, which was 0.5 percent above the national average. These gains were effectively erased by the economic shutdown as a result of the quarantine restrictions placed in response to the global pandemic Coronavirus (COVID-19); the latest projections show declines of 1.3 percent for the 2019-20 fiscal year and 4.3 percent for the 2020-21 fiscal year, despite Federal assistance in the form of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The State estimates general revenues will begin to recover early in the 2021-22 fiscal year with the advent of an effective vaccine; however, the revenue growth will not be sufficient to cover expenses and this will create a funding shortfall of $2.7 billion in the 2021-22 fiscal year which will be reduced to $0.9 billion by the 2023-24 fiscal year.

The Florida 2020 legislative session ended in March 2020. However, Governor DeSantis did not sign the state budget for the 2020-21 fiscal year - General Appropriations Act House Bill 5001 (HB 5001) - until June 29, 2020, as he monitored the economic effects of COVID-19. The Governor vetoed $1 billion in spending and instituted a 6 percent release holdback of operating appropriations in an effort to curtail spending. The Governor's Office has also requested each university identify reductions in the amount of 8.5 percent of general revenue, lottery, and phosphate research trust funds to address potential revenue shortfalls in the 2020-21 fiscal year. FIU's reduction amounts under the 6 percent and 8.5 percent scenarios are $20.1 million and $28.5 million, respectively. FIU has developed plans to address both reduction scenarios and continues to carefully monitor spending and replace only essential positions.

The Legislature continues to support FIU with $341.5 million in State operating appropriations for the 2020-21 fiscal year, an increase of 6 percent or $19.3 million over the prior year. A significant portion of this increase was an allocation of $17 million in support of the FIU Next Horizon 2025 Strategic Plan, in addition to $3.3 million for health and risk management insurance increases, $0.9 million in performance funds, $1 million for the Institute of Economic Freedom, and a reduction of $2.9 million for prior year non-recurring special appropriations and partial reduction of a recurring special appropriation. Additionally, FIU received $15.3 million in capital appropriations consisting of $8.3 million for the Engineering Building and $7 million for the Student Union building expansion. As in prior years, tuition rates remain unchanged at all levels.

FIU received an allocation of $41.1 million under the CARES Act for emergency financial aid grant to students and institutional funds to cover any costs associated with significant changes to the delivery of instruction due to the Coronavirus.

FIU is closely monitoring and preparing for the uncertain times ahead and is well positioned to achieve the institution's mission to be a top 50 public university.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, the financial statements, and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer and Senior Vice President for Finance and Administration, Dr. Kenneth Jessell, 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, 2020

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 9,881,826	$ 36,641,225
Investments	417,214,118	1,098,257
Accounts Receivable, Net	39,588,024	9,769,817
Loans and Notes Receivable, Net	437,362	-
Due from State	67,800,679	-
Due from Component Units/University	4,127,302	556,051
Inventories	455,396	-
Other Current Assets	1,788,708	1,805,207
Total Current Assets	541,293,415	49,870,557
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	359,625	-
Restricted Investments	24,074,489	284,982,865
Loans and Notes Receivable, Net	937,112	11,827,716
Depreciable Capital Assets, Net	848,067,803	15,615,018
Nondepreciable Capital Assets	140,000,653	-
Due from Component Units	7,549,457	-
Other Noncurrent Assets	-	15,540,325
Total Noncurrent Assets	1,020,989,139	327,965,924
Total Assets	1,562,282,554	377,836,481
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	113,649,616	-
Pensions	115,676,880	-
Accumulated Decrease in Fair Value of Hedging Derivatives	-	3,051,780
Deferred Amount on Bond Debt Refundings	-	191,469
Total Deferred Outflows of Resources	229,326,496	3,243,249
LIABILITIES		
Current Liabilities:		
Accounts Payable	23,032,529	1,935,907
Construction Contracts Payable	3,801,270	-
Salaries and Wages Payable	17,446,514	-
Deposits Payable	2,565,184	-
Due to State	365,170	-
Due to Component Units/University	556,051	3,775,391
Unearned Revenue	9,703,359	653,089
Other Current Liabilities	285,003	190,935
Long-Term Liabilities - Current Portion		
Bonds Payable	-	1,505,000
Capital Improvement Debt Payable	7,790,993	-
Notes Payable	-	960,000
Installment Purchase Payable	495,802	-
Compensated Absences Payable	3,879,213	-
Liability for Self-Insured Claims	27,579	-
Other Postemployment Benefits Payable	5,346,458	-
Net Pension Liability	987,192	-
Total Current Liabilities	76,282,317	9,020,322

STATEMENT OF NET POSITION (CONTINUED)
AS OF JUNE 30, 2020

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	-	24,315,000
Capital Improvement Debt Payable	125,126,672	-
Notes Payable	-	1,075,000
Compensated Absences Payable	50,772,982	-
Due to University	-	7,549,457
Other Postemployment Benefits Payable	397,648,352	-
Unearned Revenue	59,376,418	150,000
Liability for Self-Insured Claims	1,692	-
Other Long-Term Liabilities	2,159,040	14,335,950
Net Pension Liability	276,240,499	-
Total Noncurrent Liabilities	911,325,655	47,425,407
Total Liabilities	987,607,972	56,445,729
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	68,294,597	-
Pensions	17,081,269	-
Total Deferred Inflows of Resources	85,375,866	-
NET POSITION		
Net Investment in Capital Assets	854,812,362	13,037,108
Restricted for Nonexpendable:		
Endowment	-	185,009,260
Restricted for Expendable:		
Debt Service	7,434	-
Loans	919,406	-
Capital Projects	29,334,648	-
Other	24,078,491	115,065,140
Unrestricted	(190,527,129)	11,522,493
TOTAL NET POSITION	$ 718,625,212	$ 324,634,001

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

A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $193,887,705	$ 272,685,472	$ -
Federal Grants and Contracts	104,683,911	-
State and Local Grants and Contracts	8,983,623	-
Nongovernmental Grants and Contracts	18,955,692	-
Sales and Services of Educational Departments	798,628	-
Sales and Services of Auxiliary Enterprises	103,815,288	-
Sales and Services of Component Units	-	7,695,840
Gifts and Donations	-	26,614,355
Interest on Loans and Notes Receivable	39,688	-
Other Operating Revenues	22,544,180	9,165,717
Total Operating Revenues	532,506,482	43,475,912
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	770,119,476	-
Services and Supplies	184,178,245	43,364,087
Utilities and Communications	16,295,119	378,619
Scholarships, Fellowships, and Waivers	139,149,905	-
Depreciation	46,584,780	830,551
Self-Insurance Claims	55,231	-
Total Operating Expenses	1,156,382,756	44,573,257
Operating Loss	(623,876,274)	(1,097,345)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	323,326,899	-
Federal and State Student Financial Aid	201,209,880	-
Noncapital Grants, Contracts, and Gifts	24,228,254	-
Investment Income	15,652,768	8,277,906
Other Nonoperating Revenues	16,336,756	5,861,341
Loss on Disposal of Capital Assets	(6,273,135)	-
Interest on Capital Asset-Related Debt	(5,235,906)	(1,315,476)
Other Nonoperating Expenses	(1,954,418)	(3,250,928)
Net Nonoperating Revenues	567,291,098	9,572,843
(Loss) Income Before Other Revenues	(56,585,176)	8,475,498
State Capital Appropriations	4,046,808	-
Capital Grants, Contracts, and Donations	1,083,497	-
(Decrease) Increase in Net Position	(51,454,871)	8,475,498
Net Position, Beginning of Year	758,984,006	316,158,503
Adjustment to Beginning Net Position	11,096,077	-
Net Position, Beginning of Year, as Restated	770,080,083	316,158,503
Net Position, End of Year	$ 718,625,212	$ 324,634,001

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, 2020

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 272,530,002
Grants and Contracts	138,434,789
Sales and Services of Educational Departments	798,628
Sales and Services of Auxiliary Enterprises	102,684,473
Interest on Loans and Notes Receivable	38,243
Payments to Employees	(682,256,124)
Payments to Suppliers for Goods and Services	(206,908,078)
Payments to Students for Scholarships and Fellowships	(139,149,905)
Payments on Self-Insured Claims	(239,161)
Loans Issued to Students	(3,679,139)
Collection on Loans to Students	4,122,863
Other Operating Receipts	27,743,056
Net Cash Used by Operating Activities	(485,880,353)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	323,326,899
Federal and State Student Financial Aid	201,209,880
Noncapital Grants, Contracts, and Gifts	24,514,776
Federal Direct Loan Program Receipts	244,525,754
Federal Direct Loan Program Disbursements	(244,533,971)
Operating Subsidies and Transfers	351,033
Net Change in Funds Held for Others	(120,659)
Other Nonoperating Receipts	5,514,822
Other Nonoperating Disbursements	(1,924,598)
Net Cash Provided by Noncapital Financing Activities	552,863,936
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	3,339,766
Capital Grants, Contracts, and Donations	584,297
Other Receipts for Capital Projects	10,821,933
Capital Subsidies and Transfers	(653,885)
Purchase or Construction of Capital Assets	(41,634,743)
Principal Paid on Capital Debt	(10,114,019)
Interest Paid on Capital Debt	(5,636,899)
Net Cash Used by Capital and Related Financing Activities	(43,293,550)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,053,613,221
Purchase of Investments	(1,082,006,176)
Investment Income	8,461,988
Net Cash Used by Investing Activities	(19,930,967)
Net Increase in Cash and Cash Equivalents	3,759,066
Cash and Cash Equivalents, Beginning of Year	6,482,385
Cash and Cash Equivalents, End of Year	$ 10,241,451

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (623,876,274)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	46,584,780
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	7,367,197
Inventories	(85,430)
Other Assets	(1,515,170)
Accounts Payable	(4,727,016)
Salaries and Wages Payable	3,298,652
Deposits Payable	70,303
Compensated Absences Payable	5,664,829
Other Postemployment Benefits Payable	131,819,810
Unearned Revenue	2,621,836
Liability for Self-Insured Claims	(183,930)
Pension Liability	37,202,023
Deferred Outflows of Resources Related to Other Postemployment Benefits	(108,115,949)
Deferred Outflows of Resources Related to Pensions	9,031,603
Deferred Inflows of Resources Related to Other Postemployment Benefits	12,602,406
Deferred Inflows of Resources Related to Pensions	(3,640,023)
NET CASH USED BY OPERATING ACTIVITIES	$ (485,880,353)

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.	$ 7,306,371
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.	$ (6,273,135)
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.	$ 469,200
The Division of Bond Finance issued $19,805,000 of Capital Improvement Parking Revenue Refunding Bonds, Series 2019A, to refund $25,110,000 of outstanding Capital Improvement Parking Revenue Bonds, Series 2009B. 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 2009B debt, the transaction did not affect cash and cash equivalents.	$ 5,305,000

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 Comprehensive Annual 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 $127,854 and $10, 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.

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 Depository 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 $8,328,501. 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 $83,950. 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 $461,258. 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. ADJUSTMENT TO BEGINNING NET POSITION

The beginning net position of the University was increased by $11,096,077 for the carrying value of a building acquired upon the governmental merger with the Torrey Pines Institute for Molecular Studies, Inc. Additional information on the adjustment to beginning balance of capital assets and the governmental merger can be found in notes 8 and 24 to the financial statements.

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	$ (466,463,992)
Auxiliary Funds	275,936,863
Total	$ (190,527,129)

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		$ 393,854,717
Amount Expected to be Financed in Future Years:		
Compensated Absences Payable	$ 48,109,975	-
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	357,639,791	-
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	178,632,080	-
Total Amount Expected to be Financed in Future Years		(584,381,846)
Total Unrestricted Net Position		$ (190,527,129)

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, 2020 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 $173,185,419 according to GASB Statement No. 72.

The University's investments at June 30, 2020, 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	$ 10,775,323	$ -	$ -	$ 10,775,323
SBA Debt Service Accounts	7,433	7,433	-	-
Mutual Funds				
Equities	23,806,861	8,374,004	15,432,857	-
Fixed Income and Bond Mutual Funds	165,731,941	46,062,820	107,441,101	12,228,020
Commodities	9,594,146	-	9,594,146	-
Other Investments	10,561,000	-	-	10,561,000
Total Investments by Fair Value Level	220,476,704	$ 54,444,257	$ 132,468,104	$ 33,564,343
Investments Measured at the Net Asset Value (NAV)				
Mutual Funds				
Limited Partnerships	33,862,191			
Equities	13,764,293			
Total Investments Measured at the NAV	47,626,484			
Total Investments Measured at Fair Value	$ 268,103,188			

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	$ 33,862,191	$ -	Quarterly/Annually	90 Days
Equities	13,764,293	6,495,142	Illiquid	N/A
Total Investments Measured at the NAV	$ 47,626,484			

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 $10,775,323 at June 30, 2020, 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 0.43 years and fair value factor of 1.0291 at June 30, 2020. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

State Board of Administration Debt Service Accounts

The University reported investments totaling $7,433 at June 30, 2020, 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 Comprehensive Annual 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, 2020, 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	$ 11,173,702	$ 1,743,423	$ 9,430,279	$ -	$ -
Bond Index Fund	34,889,118	429,460	19,557,242	7,555,811	7,346,605
TIPS Index Fund	42,311,628	16,924	18,870,986	16,281,515	7,142,203
Core Fixed Income	34,646,900	1,502,806	15,633,101	10,163,915	7,347,078
Credit Fixed Income	30,131,091	4,099,174	7,505,960	7,726,303	10,799,654
Student Managed Investment Fund	351,482	14,233	272,305	52,747	12,197
Secured Bank Loans	12,228,020	26,902	5,910,291	6,288,259	2,568
Total	$ 165,731,941	$ 7,832,922	$ 77,180,164	$ 48,068,550	$ 32,650,305

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2020, 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	$ 11,173,702	$ 4,312,900	$ 659,226	$ 2,257,010	$ 3,944,566
Bond Index Fund	34,889,118	22,228,101	1,255,234	4,417,726	6,988,057
TIPS Index Fund	42,311,628	42,311,628	-	-	-
Core Fixed Income	34,646,900	19,207,263	205,608	4,119,024	11,115,005
Credit Fixed Income	30,131,091	1,725,542	2,535,372	10,155,795	15,714,382
Student Managed Investment Fund	351,482	207,000	-	75,341	69,141
Secured Bank Loans	12,228,020	-	-	-	12,228,020
Total	$ 165,731,941	$ 89,992,434	$ 4,655,440	$ 21,024,896	$ 50,059,171

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, 2020, are reported at fair value as follows:

Investments by Fair Value Level	Amount	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic Equities	$ 135,161	$ 135,161	$ -	$ -
Global Equities	55,706,286	55,706,286	-	-
Fixed Income	19,196,861	19,196,861	-	-
Land Held for Investments	1,411,550	-	-	1,411,550
Total Investments by Fair Value Level	$ 76,449,858	$ 75,038,308	$ -	$ 1,411,550
Investments Measured at the Net Asset Value (NAV)				
Domestic Equities	34,144,648			
Global Equities	59,232,200			
Fixed Income	1,200			
Real Assets	3,622,426			
Hedge Funds	53,236,246			
Private Investments	55,514,428			
Total Investments Measured at the NAV	205,751,148			
Total Investments Measured at Fair Value	$ 282,201,006			

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	$ 34,144,648	$ -	Monthly/Quarterly	5 - 45 Days
Global Equities	46,267,884	-	Monthly/Quarterly	6 - 60 Days
Emerging Markets	12,964,316	-	Monthly	7 - 30 Days
Fixed Income:				
Global Bonds	1,200	-	Monthly	10 Days
Real Assets:				
Natural Resource Equities	3,622,426	-	Monthly	30 Days
Hedge Funds:				
Long/Short Equity	38,779,177	-	Monthly - Every 3 Years	30 - 180 Days
Event Driven/Open Mandate	14,457,069	-	Quarterly - Annually	45 - 90 Days
Private Investments:				
Private Equity	30,750,206	23,056,167	Illiquid	N/A
Venture Capital	24,764,222	1,465,000	Illiquid	N/A
Total Investments Measured at the NAV	$ 205,751,148	$ 24,521,167		

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.

Emerging Markets: This category includes investments in publicly listed equities of companies listed in markets which have been categorized as emerging.

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

Natural Resources Equities: This category includes investments in publicly listed equities of companies that derive a substantial portion of their operations from natural resources related business operations.

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, 2020, the Foundation securities held in domestic fixed income were rated AA+ by Standard and Poor's.

At June 30, 2020, 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, 2020, approximately $307,344,000 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 $3,880,116 at June 30, 2020, 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, 2020, 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, 2020, is 43 days while the WAL is 104 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, 2020, the University reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	$ 26,172,176
Contracts and Grants	12,858,552
Other	557,296
Total Accounts Receivable, Net	$ 39,588,024

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 $8,463,283 and $1,345,023, respectively, at June 30, 2020.

6. DUE FROM STATE

The amount due from State consists of $15,852,040 of Public Education Capital Outlay, $19,331,886 of Capital Improvement Fee Trust Fund, and $32,616,753 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, 2020. 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, 2020, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 30,689,426	$ -	$ -	$ 30,689,426
Works of Art and Historical Treasures	6,671,224	565,800	-	7,237,024
Construction in Progress	92,072,262	27,416,473	17,414,532	102,074,203
Total Nondepreciable Capital Assets	$ 129,432,912	$ 27,982,273	$ 17,414,532	$ 140,000,653
Depreciable Capital Assets:				
Buildings (1)	$ 1,189,567,870	$ 10,462,240	$ -	$ 1,200,030,110
Infrastructure and Other Improvements	48,747,219	600,000	-	49,347,219
Furniture and Equipment	150,164,036	11,442,773	5,074,866	156,531,943
Library Resources	126,157,779	4,565,249	11,633	130,711,395
Leasehold Improvements	752,567	-	-	752,567
Computer Software	3,445,496	144,358	90,241	3,499,613
Total Depreciable Capital Assets	1,518,834,967	27,214,620	5,176,740	1,540,872,847
Less, Accumulated Depreciation:				
Buildings	413,339,409	28,313,337	-	441,652,746
Infrastructure and Other Improvements	20,003,842	2,417,322	-	22,421,164
Furniture and Equipment	109,445,038	10,575,199	5,002,959	115,017,278
Library Resources	104,944,504	4,990,022	11,633	109,922,893
Leasehold Improvements	582,270	65,922	-	648,192
Computer Software	2,998,832	222,978	79,039	3,142,771
Total Accumulated Depreciation	651,313,895	46,584,780	5,093,631	692,805,044
Total Depreciable Capital Assets, Net	$ 867,521,072	$ (19,370,160)	$ 83,109	$ 848,067,803

(1) Buildings beginning balance was adjusted by $11,096,077 for the carrying value of a building acquired upon the governmental merger with the Torrey Pines Institute for Molecular Studies, Inc. Additional information on the governmental merger can be found in note 24 to the financial statements.

9. CURRENT UNEARNED REVENUE

Unearned revenue includes Public Education Capital Outlay appropriations for which the University had not yet received approval from the Florida Department of Education, as of June 30, 2020, to spend the funds.

Unearned revenue at June 30, 2020 includes contracts and grant payments received in advance, prepaid stadium rental income received from the Finance Corporation, nonrefundable admission fees, athletic revenues, deferred rent, conference center fees, land use fees, reservation system fees, and rental income received prior to fiscal year end related to subsequent accounting periods.

As of June 30, 2020, the University reported the following amounts as unearned revenue:

Description	Amount
Contracts and Grants	$ 5,950,903
Stadium Rental Income	1,304,083
Admission Fees	1,247,958
State Capital Appropriations	500,000
Athletic Revenues	217,000
Deferred Rent	226,437
Conference Center Fees	171,343
Land Use Fees	52,381
Reservation System Fees	28,205
Rental Income	5,049
Total Current Unearned Revenue	$ 9,703,359

10. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2020, include capital improvement debt payable, installment purchase 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, 2020, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	$ 142,752,056	$ 22,736,602	$ 32,570,993	$ 132,917,665	$ 7,790,993
Installment Purchase Payable	985,448	-	489,646	495,802	495,802
Compensated Absences Payable	48,987,366	9,640,500	3,975,671	54,652,195	3,879,213
Other Postemployment Benefits Payable	271,175,000	205,648,074	73,828,264	402,994,810	5,346,458
Unearned Revenue	53,240,211	8,219,109	2,082,902	59,376,418	-
Liability for Self-Insured Claims	213,201	35,285	219,215	29,271	27,579
Net Pension Liability	240,025,668	178,991,776	141,789,753	277,227,691	987,192
Other Long-Term Liabilities	2,273,352	-	114,312	2,159,040	-
Total Long-Term Liabilities	$ 759,652,302	$ 425,271,346	$ 255,070,756	$ 929,852,892	$ 18,527,237

Capital Improvement Debt Payable

The University had the following capital improvement debt payable outstanding at June 30, 2020:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2011A Student Apartments Refunding	$ 22,210,000	$ 9,630,220	3.00 - 3.50	2025
2012A Student Apartments	53,655,000	46,125,894	3.00 - 4.25	2041
2015A Student Apartments Refunding	29,105,000	22,586,921	3.00 - 5.00	2034
Total Student Housing Debt	104,970,000	78,343,035		
Parking Garage Debt:				
2013A Parking Garage	45,415,000	32,599,608	3.00 - 5.25	2043
2019A Parking Garage Refunding	19,805,000	21,975,022	4.00 - 5.00	2039
Total Parking Garage Debt	65,220,000	54,574,630		
Total Capital Improvement Debt	$ 170,190,000	$ 132,917,665		

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 $170,190,000 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 2043. 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 $186,904,769, and principal and interest paid for the current year totaled $15,251,231. During the 2019-20 fiscal year, housing rental income totaled $20,733,589, and parking fees totaled $13,685,473, comprised of traffic and parking fees totaling $2,066,958, and assessed transportation fees totaling $11,618,515.

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

- On July 2, 2019, the Florida Board of Governors issued $19,805,000 of Capital Improvement Parking Revenue Refunding Bonds, Series 2019A. The capital improvement debt proceeds were used to defease $25,110,000 of outstanding Capital Improvement Parking Revenue Bonds, Series 2009B. 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 $8,757,972 over the next 19 years and obtained an economic gain of $4,122,977. At June 30, 2020, there was no outstanding balance of the defeased debt.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2020, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	$ 7,390,000	$ 5,300,969	$ 12,690,969
2022	7,665,000	5,041,469	12,706,469
2023	6,320,000	4,725,619	11,045,619
2024	6,550,000	4,501,344	11,051,344
2025	6,880,000	4,231,725	11,111,725
2026-2030	30,235,000	17,219,700	47,454,700
2031-2035	29,305,000	11,253,475	40,558,475
2036-2040	25,565,000	5,419,806	30,984,806
2041-2043	8,590,000	710,662	9,300,662
Subtotal	128,500,000	58,404,769	186,904,769
Net Premiums and Losses on Bond Refundings	4,417,665	-	4,417,665
Total	$ 132,917,665	$ 58,404,769	$ 191,322,434

Installment Purchase Payable

The University has 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 contains a provision that, in the event of default, outstanding amounts become immediately due if the University is unable to make payment.

Future minimum payments remaining under the installment purchase agreement and the present value of the minimum payments as of June 30, 2020, are as follows:

Fiscal Year Ending June 30	Amount
2021	$ 499,686
Total Minimum Payments	499,686
Less, Amount Representing Interest	3,884
Present Value of Minimum Payments	$ 495,802

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, 2020, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $54,652,195. The current portion of the compensated absences liability, $3,879,213, 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 $402,994,810 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2019. At June 30, 2019, the University's proportionate share, determined by its proportion of total benefit payments made, was 3.18 percent, which was an increase of 0.61 percent from its proportionate share measured as of June 30, 2018.

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	2.79 percent
Healthcare Cost Trend Rates	
PPO Plan	6.7 percent for 2020, decreasing to an ultimate rate of 5.4 percent for 2071 and years later for all employees in the Preferred Provider Option (PPO) Plan.
HMO Plan	5.2 percent for 2020, increasing to an ultimate rate of 5.4 percent for 2071 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 Generational RP-2000 with Projected Scale BB.

The demographic actuarial assumptions for retirement, withdrawal, disability and salary merit scales used in the July 1, 2019 valuation are consistent with the assumptions used in the July 1, 2018 valuation of the FRS Plan.

The following changes have been made since the prior valuation:

- The census data reflects changes in status for the twenty-four (24) month period since July 1, 2019.
- The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB 75. Due to the change in the benchmark used as well as the market environment changes between June 30, 2018 and June 30, 2019, the discount rate decreased from 3.87 percent to 2.79 percent, resulting in higher liabilities to be reported for the reporting period ending June 30, 2020.
- In addition, the liability was increased by approximately 12 percent due to the full impact of the Excise Tax that will come into effect in 2022. There is a reasonable chance that this tax will be repealed before it actually takes effect.
- 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, 2019.
- 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 2019 Report on the Financial Outlook of the Plan along with information from the Getzen Model and actuarial judgment. The impact of the trend rate changes is a decrease in the liability, due primarily to lower trend rates in the first several years.
- The mortality rates were updated to those required by Chapter 2015-157, Florida Statutes for pension plans. This law mandates the use of the assumption used in either of the two most recent valuations of the FRS. The rates are those outlined in Milliman's July 1, 2018 FRS valuation report. The impact of this change was very small and does not materially impact the results.

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 (1.79 percent) or 1 percentage point higher (3.79 percent) than the current rate:

	1% Decrease (1.79%)	Current Discount Rate (2.79%)	1% Increase (3.79%)
University's proportionate share of the total OPEB liability	$ 505,148,961	$ 402,994,810	$ 325,478,944

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	$ 316,530,865	$ 402,994,810	$ 523,122,298

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

For the fiscal year ended June 30, 2020, the University recognized OPEB expense of $41,652,725. At June 30, 2020, 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	$ -	$ 10,375,365
Changes of assumptions or other inputs	50,528,017	56,988,099
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	57,775,141	931,133
Transactions subsequent to the measurement date	5,346,458	-
Total	$ 113,649,616	$ 68,294,597

Of the total amount reported as deferred outflows of resources related to OPEB, $5,346,458 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, 2021. 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
2021	$ 3,301,742
2022	3,301,742
2023	3,301,742
2024	3,301,742
2025	3,301,739
Thereafter	23,499,854
Total	$ 40,008,561

Unearned Revenue

Long-term unearned revenue at June 30, 2020, 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, land use fees, and other unearned revenues received prior to the fiscal year-end related to subsequent accounting periods.

As of June 30, 2020, the University reported the following amounts as long-term unearned revenue:

Description	Amount
State Capital Appropriations	$ 32,367,290
Stadium Rental Income	15,540,325
National Institute of Health Grant	9,500,000
Land Use Fees	1,804,045
Other Unearned Revenue	164,758
Total Unearned Revenue	$ 59,376,418

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, 2020, the University's proportionate share of the net pension liabilities totaled $277,227,691.

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, 2020, the outstanding principal balance due under this note payable was $2 million. For the year ended June 30, 2020, total interest incurred and paid was $84,231.

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 maturities of the notes payable, as of June 30, 2020, are shown in the following table:

Fiscal Year Ending June 30	Amount
2021	$ 960,000
2022	1,075,000
Total	$ 2,035,000

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. The total loaned by the University to Health Care Network is $8,633,962. Interest on the loan accrues at two percent simple interest and the loan is scheduled to mature on June 1, 2036.

Estimated principal and interest payments for the life of the amounts due to the University based on the balances as of June 30, 2020, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	$ 351,033	$ 140,965	$ 491,998
2022	362,973	133,944	496,917
2023	375,202	126,685	501,887
2024	387,725	119,181	506,906
2025	400,549	111,426	511,975
2026-2030	2,206,083	431,619	2,637,702
2031-2035	2,575,678	196,574	2,772,252
2036	389,006	7,780	396,786
Total	$ 7,048,249	$ 1,268,174	$ 8,316,423

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, 2020, was $25,820,000.

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 $2,781,859 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, 2020, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	$ 1,505,000	$ 1,131,936	$ 2,636,936
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
2026-2029	8,125,000	2,567,888	10,692,888
2030-2032	9,410,000	945,112	10,355,112
Total	$ 25,820,000	$ 8,484,441	$ 34,304,441

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, 2020, the Finance Corporation interest rate swap agreement has a derivative liability of $4,286,554 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, 2020.

As of June 30, 2020, the fair value of the Series 2007A ineffective interest rate swap agreement was $1,234,774, 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 $1,234,774 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 $3,051,780.

Credit Risk. As of June 30, 2020, 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) "Baa3" 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, 2020, the swap counterparty was rated in excess of the aforementioned requirements.

Swap Payments and Associated Debt. Using rates as of June 30, 2020, 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**
2021	$ 1,040,000	$ 373,993	$ 532,677	$ 1,946,670
2022	1,090,000	352,246	501,702	1,943,948
2023	1,135,000	329,453	469,238	1,933,691
2024	1,185,000	305,719	437,465	1,928,184
2025	1,245,000	280,939	400,141	1,926,080
2026-2029	5,555,000	851,810	1,214,553	7,621,363
2030-2033	6,635,000	354,651	415,626	7,405,277
Total	$ 17,885,000	$ 2,848,811	$ 3,971,402	$ 24,705,213

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

The University's FRS and HIS pension expense totaled $66,313,472 for the fiscal year ended June 30, 2020.

FRS Pension Plan

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

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

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

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

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

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 2019-20 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
Florida Retirement System, Regular	3.00	8.47
Florida Retirement System, Senior Management Service	3.00	25.41
Florida Retirement System, Special Risk	3.00	25.48
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	14.60
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 $20,706,730 for the fiscal year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the University reported a liability of $219,045,078 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The University's proportionate share of the net pension liability was based on the University's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the University's proportionate share was 0.636045103 percent, which was an increase of 0.015435827 from its proportionate share measured as of June 30, 2018.

For the year ended June 30, 2020, the University recognized pension expense of $60,518,585. 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	$ 12,992,190	$ 135,937
Change of Assumptions	56,260,201	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	-	12,118,717
Changes in Proportion and Differences Between University FRS Contributions and Proportionate Share of FRS Contributions	10,771,079	-
University FRS Contributions Subsequent to the Measurement Date	20,706,730	-
Total	$ 100,730,200	$ 12,254,654

The deferred outflows of resources related to pensions totaling $20,706,730, 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, 2021.

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
2021	$ 24,783,838
2022	8,434,351
2023	16,821,537
2024	12,962,845
2025	3,843,169
Thereafter	923,076
Total	$ 67,768,816

Actuarial Assumptions. The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	6.90 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. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2019, 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 %	3.3 %	3.3 %	1.2 %
Fixed Income	18 %	4.1 %	4.1 %	3.5 %
Global Equity	54 %	8.0 %	6.8 %	16.5 %
Real Estate (Property)	10 %	6.7 %	6.1 %	11.7 %
Private Equity	11 %	11.2 %	8.4 %	25.8 %
Strategic Investments	6 %	5.9 %	5.7 %	6.7 %
Total	100 %			
Assumed Inflation - Mean			2.6 %	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 6.90 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 2019 valuation was updated from 7.00 percent to 6.90 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 6.90 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 (5.90 percent) or 1 percentage point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
University's Proportionate Share of the Net Pension Liability	$ 378,655,998	$ 219,045,078	$ 85,742,962

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 Comprehensive Annual 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, 2020, 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, 2020, 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 $3,013,138 for the fiscal year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the University reported a liability of $58,182,613 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, and update procedures were used to determine liabilities as of June 30, 2019. The University's proportionate share of the net pension liability was based on the University's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the University's proportionate share was 0.519998365 percent, which was an increase of 0.018350842 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the University recognized pension expense of $5,794,887. 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	$ 706,693	$ 71,243
Change of Assumptions	6,736,997	4,755,372
Net Difference Between Projected and Actual Earnings on HIS Plan Investments	37,544	-
Changes in Proportion and Differences Between University HIS Contributions and Proportionate Share of HIS Contributions	4,452,308	-
University HIS Contributions Subsequent to the Measurement Date	3,013,138	-
Total	$ 14,946,680	$ 4,826,615

The deferred outflows of resources totaling $3,013,138 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, 2021.

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
2021	$ 2,463,764
2022	1,933,995
2023	1,215,173
2024	197,204
2025	526,737
Thereafter	770,054
Total	$ 7,106,927

Actuarial Assumptions. The total pension liability at July 1, 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.50 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

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

Discount Rate. The discount rate used to measure the total pension liability was 3.50 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 2019 valuation was updated from 3.87 percent to 3.50 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 3.50 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
University's Proportionate Share of the Net Pension Liability	$ 66,418,436	$ 58,182,613	$ 51,323,106

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 Comprehensive Annual 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 Comprehensive Annual 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 2019-20 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, 2020, 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 $4,441,709 for the fiscal year ended June 30, 2020.

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, 3.56 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs for a total of 8.71 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 $22,710,656 and employee contributions totaled $13,522,063 for the 2019-20 fiscal year.

15. CONSTRUCTION COMMITMENTS

The University's major construction commitments at June 30, 2020, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
User Paid Construction Projects	$ 25,791,241	$ 18,424,734	$ 7,366,507
PG5 Emergency Operations Center Expansion	4,866,382	364,339	4,502,043
Subtotal	30,657,623	18,789,073	11,868,550
Projects with Balance Committed Under $3 Million	106,207,327	83,285,130	22,922,197
Total	$ 136,864,950	$ 102,074,203	$ 34,790,747

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
2021	$ 6,695,687
2022	5,724,525
2023	2,950,979
2024	2,233,572
2025	1,886,939
2026-2030	6,651,839
2031-2034	4,910,474
Total Minimum Payments Required	$ 31,054,015

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 $1,793,101 for the year ended June 30, 2020.

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 following schedule by years presents management's best estimate of future minimum rental payments for this noncancelable operating lease as of June 30, 2020:

Fiscal Year Ending June 30	Amount
2021	$ 1,418,000
2022	1,418,000
Total Minimum Payments Required	$ 2,836,000

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
2021	$ 1,304,083
2022	1,304,083
2023	1,304,083
2024	1,304,083
2025	1,304,083
2026-2029	5,216,333
2030-2033	5,107,660
Total Minimum Payments Required	$ 16,844,408

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 $3.3 million during the 2019-20 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 2019-20 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 2019-20 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 $68.5 million for named windstorm and flood through February 14, 2020, and decreased to $62.75 million starting February 15, 2020. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $225 million; 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 2018-19 and 2019-20 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, 2019	$ 198,964	$ 38,654	$ (24,417)	$ 213,201
June 30, 2020	213,201	35,285	(219,215)	29,271

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	$ 365,973,975
Research	158,197,626
Public Services	10,372,451
Academic Support	119,679,713
Student Services	75,885,666
Institutional Support	108,953,731
Operation and Maintenance of Plant	62,901,027
Scholarships, Fellowships, and Waivers	139,149,905
Depreciation	46,584,780
Auxiliary Enterprises	68,683,882
Total Operating Expenses	$ 1,156,382,756

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	$ 25,898,960	$ 8,081,275
Capital Assets, Net	128,722,958	96,798,274
Other Noncurrent Assets	22,036	416,453
Total Assets	154,643,954	105,296,002
Liabilities		
Current Liabilities	5,215,428	3,363,249
Noncurrent Liabilities	74,002,910	51,574,341
Total Liabilities	79,218,338	54,937,590
Net Position		
Net Investment in Capital Assets	50,379,923	42,261,364
Restricted - Expendable	4,468	412,453
Unrestricted	25,041,225	7,684,595
Total Net Position	$ 75,425,616	$ 50,358,412

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

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Operating Revenues	$ 20,733,589	$ 13,685,473
Depreciation Expense	(3,846,799)	(2,956,308)
Other Operating Expenses	(11,635,831)	(8,738,616)
Operating Income	5,250,959	1,990,549
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	3,546,778	264,449
Interest Expense	(2,992,016)	(2,233,850)
Other Nonoperating Expenses	-	(195,140)
Net Nonoperating Revenues (Expenses)	554,762	(2,164,541)
Income Before Transfers	5,805,721	(173,992)
Net Transfers	35,058	(163,666)
Capital Grants	-	1,504
Increase in Net Position	5,840,779	(336,154)
Net Position, Beginning of Year	69,584,837	50,694,566
Net Position, End of Year	$ 75,425,616	$ 50,358,412

Condensed Statement of Cash Flows

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Net Cash Provided (Used) by:		
Operating Activities	$ 9,153,049	$ 4,618,030
Noncapital Financing Activities	2,901,963	11,390
Capital and Related Financing Activities	(11,569,636)	(9,160,830)
Investing Activities	734,016	4,783,031
Net Increase in Cash and Cash Equivalents	1,219,392	251,621
Cash and Cash Equivalents, Beginning of Year	659,737	1,407,972
Cash and Cash Equivalents, End of Year	$ 1,879,129	$ 1,659,593

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	$ 36,849,383	$ 3,699,026	$ 9,322,148	$ 49,870,557
Capital Assets, Net	15,499,057	25,550	90,411	15,615,018
Other Noncurrent Assets	294,028,722	18,322,184	-	312,350,906
Total Assets	346,377,162	22,046,760	9,412,559	377,836,481
Deferred Outflows of Resources	-	3,243,249	-	3,243,249
Liabilities				
Current Liabilities	5,105,974	1,774,539	2,139,809	9,020,322
Noncurrent Liabilities	11,274,396	29,453,795	6,697,216	47,425,407
Total Liabilities	16,380,370	31,228,334	8,837,025	56,445,729
Net Position				
Net Investment in Capital Assets	12,921,147	25,550	90,411	13,037,108
Restricted Nonexpendable	185,009,260	-	-	185,009,260
Restricted Expendable	115,065,140	-	-	115,065,140
Unrestricted	17,001,245	(5,963,875)	485,123	11,522,493
Total Net Position	$ 329,996,792	$ (5,938,325)	$ 575,534	$ 324,634,001

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

	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	Total
Operating Revenues	$ 28,996,589	$ 4,251,968	$ 10,227,355	$ 43,475,912
Depreciation Expense	(747,787)	(21,900)	(60,864)	(830,551)
Operating Expenses	(36,106,677)	(2,246,279)	(5,389,750)	(43,742,706)
Operating (Loss) Income	(7,857,875)	1,983,789	4,776,741	(1,097,345)
Net Nonoperating Revenues (Expenses)				
Investment Income	8,230,007	47,899	-	8,277,906
Interest Expense	(84,231)	(1,083,492)	(147,753)	(1,315,476)
Other Nonoperating Revenues (Expenses)	5,861,341	(500,000)	(2,750,928)	2,610,413
Net Nonoperating Revenues (Expenses)	14,007,117	(1,535,593)	(2,898,681)	9,572,843
Increase in Net Position	6,149,242	448,196	1,878,060	8,475,498
Net Position, Beginning of Year	323,847,550	(6,386,521)	(1,302,526)	316,158,503
Net Position, End of Year	$ 329,996,792	$ (5,938,325)	$ 575,534	$ 324,634,001

23. CURRENT UNRESTRICTED FUNDS

The Southern Association of Colleges and Schools, which establishes the accreditation requirements for institutions of higher education, requires a disclosure of the financial position of unrestricted net position, exclusive of plant assets and plant-related debt, which represents the change in unrestricted net position. To meet this requirement, statements of net position and revenues, expenses, and changes in net position for the current unrestricted funds are presented as follows:

STATEMENT OF CURRENT UNRESTRICTED FUNDS NET POSITION

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 6,623,250
Investments	416,153,118
Accounts Receivable, Net	7,896,058
Due from Component Units	673,515
Inventories	455,396
Other Current Assets	878,512
Total Current Assets	432,679,849
Noncurrent Assets:	
Due from Component Units	7,549,457
Total Assets	440,229,306
DEFERRED OUTFLOWS OF RESOURCES	
Other Postemployment Benefits	113,649,616
Pensions	115,676,880
Total Deferred Outflows of Resources	229,326,496
LIABILITIES	
Current Liabilities:	
Accounts Payable	21,025,335
Construction Contracts Payable	1,100,171
Salaries and Wages Payable	17,446,514
Deposits Payable	2,563,755
Due to Component Units	536,637
Unearned Revenue	1,733,373
Long-Term Liabilities - Current Portion:	
Compensated Absences Payable	3,414,846
Other Postemployment Benefits Payable	5,346,458
Net Pension Liability	987,192
Total Current Liabilities	54,154,281
Noncurrent Liabilities:	
Compensated Absences Payable	44,695,129
Other Postemployment Benefits Payable	397,648,352
Unearned Revenue	1,968,804
Net Pension Liability	276,240,499
Total Noncurrent Liabilities	720,552,784
Total Liabilities	774,707,065
DEFERRED INFLOWS OF RESOURCES	
Other Postemployment Benefits	68,294,597
Pensions	17,081,269
Total Deferred Inflows of Resources	85,375,866
NET POSITION	
Unrestricted	(190,527,129)
TOTAL NET POSITION	$ (190,527,129)

STATEMENT OF CURRENT UNRESTRICTED FUNDS REVENUES, EXPENSES, AND CHANGES IN NET POSITION

REVENUES	
Operating Revenues:	
Student Tuition and Fees, Net of Scholarship Allowances of $11,904,705 (1)	$ 454,668,472
State and Local Grants and Contracts	139
Nongovernmental Grants and Contracts	288,152
Sales and Services of Educational Departments	798,628
Sales and Services of Auxiliary Enterprises	103,815,288
Other Operating Revenues	5,828,164
Total Operating Revenues	565,398,843
EXPENSES	
Operating Expenses:	
Compensation and Employee Benefits	662,572,157
Services and Supplies	139,196,723
Utilities and Communications	15,779,330
Scholarships, Fellowships, and Waivers	72,297,679
Total Operating Expenses	889,845,889
Operating Loss	(324,447,046)
NONOPERATING REVENUES (EXPENSES)	
State Noncapital Appropriations	320,873,267
Noncapital Grants, Contracts, and Gifts	2,471,174
Investment Income	15,076,116
Other Nonoperating Revenues	5,481,093
Other Nonoperating Expenses	(1,662,481)
Net Nonoperating Revenues	342,239,169
Income Before Other Revenues	17,792,123
Capital Grants, Contracts and Donations	1,500
Increase in Net Position Before Transfers	17,793,623
Net Transfers to Other Funds	(81,922,159)
Decrease in Net Position	(64,128,536)
Net Position, Beginning of Year	(126,398,593)
Net Position, End of Year	$ (190,527,129)

Note: (1) Student tuition and fees revenue is reported net of scholarship allowances on the statement of revenues, expenses, and changes in net position. Scholarship allowance is recorded based on the pro rata share of scholarship expense in the current unrestricted and restricted fund types. For the fiscal year ended June 30, 2020, $181,983,000 of the scholarship allowance is recorded in the restricted fund.

24. GOVERNMENTAL MERGER

On March 2, 2020, the University and Torrey Pines Institute for Molecular Studies, Inc. (Torrey Pines), a California nonprofit corporation, entered into an agreement in which the University acquired certain assets, including Sponsored Research Agreements, Assigned Agreements, the Ground Lease and Building, and personal property on the premises. The University did not assume any other assets or liabilities as Torrey Pines will wind down operations after the merger and the entity will cease to exist. The building acquired by the University from Torrey Pines as part of the transaction had a carrying value of $11,096,077 and a ground lease for land with the City of Port St. Lucie. When the ground lease terminates with the City of Port St. Lucie in 2026, title to the land will be transferred to the University. The acquisition value of the assets of Torrey Pines was $11,096,077 consisting of the building (at carrying value) and fully depreciated furniture and equipment. In exchange, the University hired certain employees, funded closing costs related to the transfer of the title for this building and placed a cash reserve of $250,000 in escrow (which funds will be returned to the University within a certain time frame if certain conditions for disbursement of the funds are not met). Based upon GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* the transaction qualifies as a merger due to the fact that significant consideration was not exchanged between the University and Torrey Pines. Accordingly, also based on GASB 69 guidance, because the consideration exchanged was not significant, the carrying value of the building has been reflected as an adjustment to beginning net position of $11,096,077.

25. COVID-19 UNCERTAINTIES

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", was classified as a global pandemic in March 2020. This pandemic resulted in Federal, State, and local governments enacting emergency measures such as travel bans, quarantine periods, and social distancing requirements to combat the spread of the virus. These measures caused a material disruption to businesses globally resulting in an economic slowdown. The Federal government reacted with significant monetary and fiscal interventions such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act grants investments designed to stabilize economic conditions. At the request of the Florida Board of Governors, beginning March 2020, the University moved to a remote learning and work environment for the remainder of the academic year and returned in the Fall 2020 Semester with a mixture of in-person, remote, and online courses and a staggered campus repopulation plan for employees. As University operations were impacted by the various measures taken in response to COVID-19 circumstances, the known effects on financial operations that materialized during the year are mentioned in the MD&A, yet the duration of the pandemic, future economic impacts and continued effects on University operations remains uncertain. The University and its component units are continually monitoring the ongoing potential impacts of the COVID-19 pandemic on operations during the 2020-21 fiscal year and the future related effects of the pandemic on the financial position of the University. The extent to which the COVID-19 pandemic impacts University operations going forward will depend on numerous evolving factors which cannot be reliably predicted at this time.

26. SUBSEQUENT EVENTS

On December 15, 2020, the Florida Board of Governors, on behalf of the University, issued $71,800,000 of Florida International University Housing Dormitory Revenue Bonds, Series 2020A. The bond proceeds are to be used to finance the construction of a dormitory facility on the main campus of the University. The bonds will be repaid from the net revenues of the University's housing system. The new bonds will mature in annual increments starting on July 1, 2023, and ending on July 1, 2050. Interest payments are due semiannually on July 1st and January 1st beginning July 1, 2021.

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

	2019 (1)	2018 (1)	2017 (1)
University's Proportion of the Total Other Postemployment Benefits Liability	3.18 %	2.57 %	2.57 %
University's Proportionate Share of the Total Other Postemployment Benefits Liability	$ 402,994,810	$ 271,175,000	$ 277,334,000
University's Covered Payroll	$ 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	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, 2020, 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 2020, amounts reported as changes of assumptions resulted from changes to the census data, a change to the discount rate, the excise tax that will come into 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.

FLORIDA INTERNATIONAL UNIVERSITY

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's Proportion of the FRS Net Pension Liability	0.64%	0.62%	0.58%	0.58%	0.57%	0.53%	0.38%
University's Proportionate Share of the FRS Net Pension Liability	$ 219,045,078	$ 186,930,731	$ 172,260,097	$ 145,845,435	$ 73,303,925	$ 32,080,257	$ 65,503,841
University's Covered Payroll (2)	$ 426,565,567	$ 402,854,082	$ 388,298,438	$ 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	51.35 %	46.40 %	44.36 %	39.34 %	20.62 %	9.65 %	21.43 %
FRS Plan Fiduciary Net Pension as a Percentage of the FRS Total Pension Liability	82.61 %	84.26 %	83.89 %	84.88 %	92.00 %	96.09 %	88.54 %

(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 7.00 percent to 6.90 percent, and the active member mortality assumption was updated.

FLORIDA INTERNATIONAL UNIVERSITY

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

	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually Required FRS Contribution	$ 20,706,730	$ 19,721,988	$ 17,686,866	$ 15,160,433	$ 14,085,792	$ 13,836,828	$ 11,516,793
FRS Contributions in Relation to the Contractually Required Contribution	(20,706,730)	(19,721,988)	(17,686,866)	(15,160,433)	(14,085,792)	(13,836,828)	(11,516,793)
FRS Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's Covered Payroll (2)	$ 441,956,666	$ 426,565,567	$ 402,854,082	$ 388,298,438	$ 370,763,486	$ 355,458,891	$ 332,597,433
FRS Contributions as a Percentage of Covered Payroll	4.69 %	4.62 %	4.39 %	3.90 %	3.80 %	3.89 %	3.46 %

(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 7.00 percent to 6.90 percent, and the active member mortality assumption was updated.

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

	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's Proportion of the HIS Net Pension Liability	0.52%	0.50%	0.49%	0.48%	0.47%	0.45%	0.42%
University's Proportionate Share of the HIS Net Pension Liability	$ 58,182,613	$ 53,094,937	$ 52,274,414	$ 56,235,698	$ 48,191,110	$ 42,007,145	$ 36,379,258
University's Covered Payroll (2)	$ 168,199,711	$ 156,730,885	$ 168,353,927	$ 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	34.59 %	33.88 %	31.05 %	38.08 %	34.40 %	32.10 %	30.73 %
HIS Plan Fiduciary Net Pension as a Percentage of the HIS Total Pension Liability	2.63 %	2.15 %	1.64 %	0.97 %	0.50 %	0.99 %	1.78 %

(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 3.87 percent to 3.50 percent.

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

	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually Required HIS Contribution	$ 3,013,138	$ 2,887,500	$ 2,720,447	$ 2,587,349	$ 2,473,222	$ 1,806,322	$ 1,539,022
HIS Contributions in Relation to the Required HIS Contribution	(3,013,138)	(2,887,500)	(2,720,447)	(2,587,349)	(2,473,222)	(1,806,322)	(1,539,022)
HIS Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's Covered Payroll (2)	$ 178,126,318	$ 168,199,711	$ 156,730,885	$ 168,353,927	$ 147,667,524	$ 140,089,301	$ 130,882,051
HIS Contributions as a Percentage of Covered Payroll	1.69 %	1.72 %	1.74 %	1.54 %	1.67 %	1.29 %	1.18 %

(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 3.87 percent to 3.50 percent.

Sherrill F. Norman, CPA
Auditor General

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 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, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 17, 2020, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
December 17, 2020
Audit Report No. 2021-085


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FLORIDA INTERNATIONAL UNIVERSITY

ANNUAL REPORT 2019-2020