

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

UNIVERSITY OF WEST FLORIDA

For the Fiscal Year Ended
June 30, 2025



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2024-25 fiscal year, Dr. Martha D. Saunders served as President of the University of West Florida and the following individuals served as Members of the Board of Trustees:

Rebecca Matthews from 1-7-25, Chair from 4-10-25, Vice Chair from 1-23-25 through 4-9-25 ^a	Edward Fleming from 6-20-25 ^f Gates Garcia from 1-6-25 ^b through 4-14-25 ^f
Chris Young from 1-6-25, ^b Vice Chair from 6-12-25 ^a	Dr. Paul Hsu
Dr. Scott Yenor from 1-6-25 ^b through 4-9-25, Chair from 1-23-25 ^d through 4-9-25	Dr. Susan James ^g
Suzanne Lewis through 12-18-24, Chair ^d	Adam Kissel from 1-6-25 ^b
Jill Singer through 1-6-25, Vice Chair ^a	Dr. Rachel Moya from 12-19-24
Paul Bailey from 1-6-25 ^b	Ashley Ross from 1-7-25
Richard R. Baker	Alonzie Scott
Trista Bennett from 4-5-25 ^e	Zach Smith from 5-7-25 ^c
Maggie Brown through 4-4-25 ^e	Stephanie White through 1-6-25

^a Vice Chair position vacant 1-7-25, through 1-22-25, and 4-10-25, through 6-11-25.

^b Five Trustee positions vacant through 1-5-25.

^c Trustee position vacant 4-10-25, through 5-6-25.

^d Chair position vacant 12-19-24, through 1-22-25.

^e Student Body President.

^f Trustee position vacant 4-15-25 through 6-19-25.

^g Faculty Senate President.

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

The team leader was Helena Chappo, CPA, and the audit was supervised by Kenneth C. Danley, CPA.

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

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UNIVERSITY OF WEST FLORIDA
TABLE OF CONTENTS

	<u>Page No.</u>
SUMMARY	i
INDEPENDENT AUDITOR'S REPORT	1
Report on the Audit of the Financial Statements.....	1
Other Reporting Required by <i>Government Auditing Standards</i>	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position.....	16
Statement of Revenues, Expenses, and Changes in Net Position.....	19
Statement of Cash Flows	20
Notes to Financial Statements.....	22
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability.....	53
Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	54
Schedule of University Contributions – Florida Retirement System Pension Plan	54
Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan	56
Schedule of University Contributions – Health Insurance Subsidy Pension Plan	56
Notes to Required Supplementary Information.....	58
SUPPLEMENTARY INFORMATION	
Schedule of the University's Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill	59
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 <i>GOVERNMENT AUDITING STANDARDS</i>.....	
Report on Internal Control Over Financial Reporting	60
Report on Compliance and Other Matters	61
Purpose of this Report.....	61

SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

AUDIT OBJECTIVES AND SCOPE

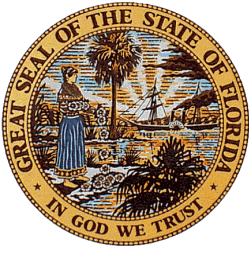
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. In doing so we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements and the Schedule of the University's Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill.
- Concluded whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.
- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

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

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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Tallahassee, Florida 32399-1450



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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the University of West Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the University of West Florida and of its aggregate discretely presented component units as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns as of June 30, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of West Florida's basic financial statements. The accompanying **Schedule of the University's Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill** is presented for purposes of additional analysis as required by the grantor, Triumph Gulf Coast, Inc., and is not a required part of the basic financial statements.

The **Schedule of the University's Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill** is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the **Schedule of the University's Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill** is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2026, on our consideration of the University of West Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of West Florida's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 5, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

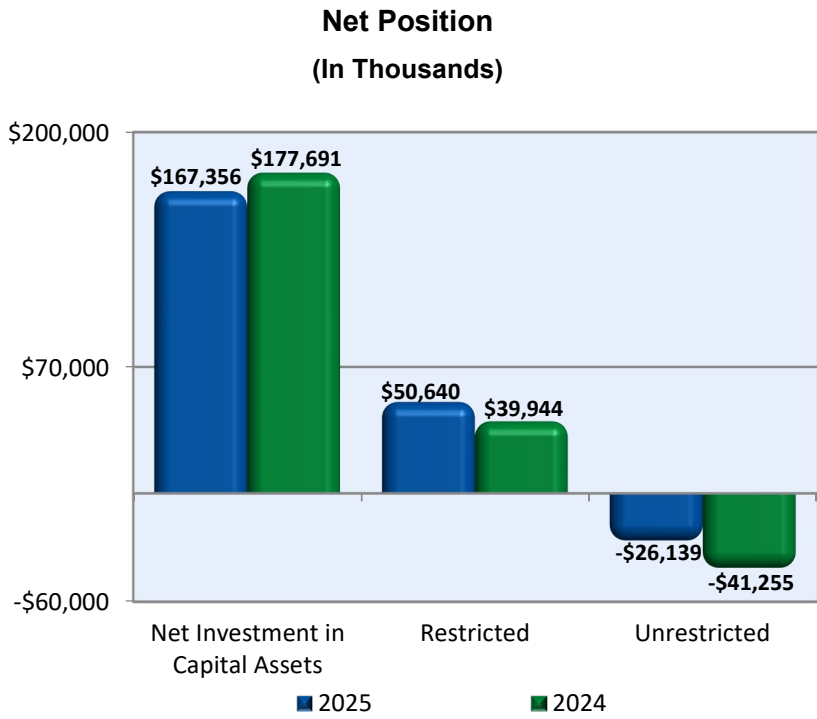
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2025, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2025, and June 30, 2024.

FINANCIAL HIGHLIGHTS

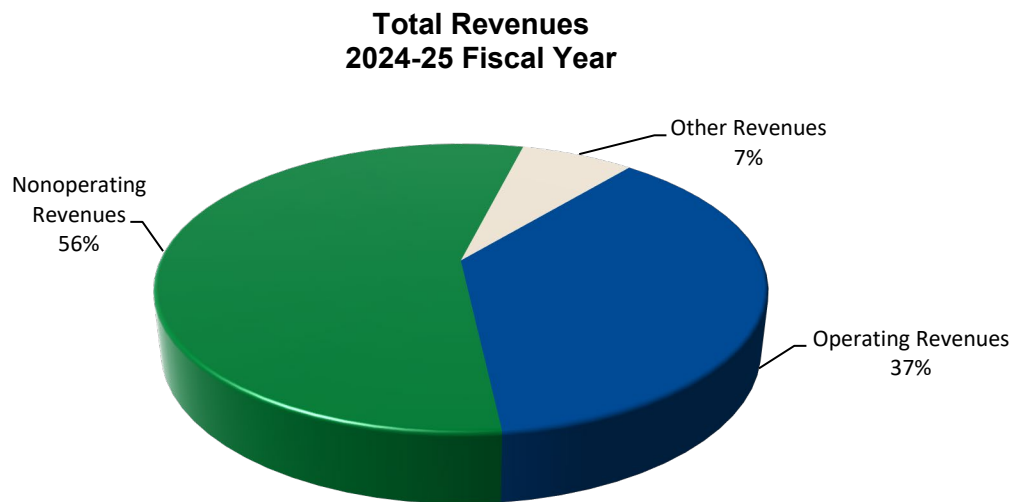
The University's assets and deferred outflows of resources totaled \$444.9 million at June 30, 2025. This balance reflects a \$25.8 million, or 6.2 percent, increase as compared to the 2023-24 fiscal year. Also, liabilities and deferred inflows of resources increased by \$10.3 million, or 4.2 percent, totaling \$253.1 million at June 30, 2025. As a result, the University's net position increased by \$15.5 million, resulting in a fiscal year-end balance of \$191.9 million.

The University's operating revenues totaled \$125.8 million for the 2024-25 fiscal year, representing a 14.6 percent increase compared to the 2023-24 fiscal year. Operating expenses totaled \$302.2 million for the 2024-25 fiscal year, representing an increase of 11.5 percent as compared to the 2023-24 fiscal year.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2025, and June 30, 2024, is shown in the following graph:



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



OVERVIEW OF FINANCIAL STATEMENTS

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

- University of West Florida Foundation, Inc.
- West Florida Historic Preservation, Inc.
- UWF Business Enterprises, Inc.

Based on the application of the criteria for determining component units, these component units are included within the University reporting entity as discretely presented component units. 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 those component units reporting under GASB standards, 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 following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30:

Condensed Statement of Net Position at June 30

(In Thousands)

	2025	2024
Assets		
Current Assets	\$ 223,357	\$ 199,434
Capital Assets, Net	171,104	181,884
Other Noncurrent Assets	3,195	562
Total Assets	397,656	381,880
Deferred Outflows of Resources	47,271	37,266
Liabilities		
Current Liabilities	18,075	17,283
Noncurrent Liabilities	185,773	168,068
Total Liabilities	203,848	185,351
Deferred Inflows of Resources	49,222	57,415
Net Position		
Net Investment in Capital Assets	167,356	177,691
Restricted	50,640	39,944
Unrestricted	(26,139)	(41,255)
Total Net Position	\$ 191,857	\$ 176,380

The \$15.5 million increase in net position is mainly due to increases in current assets related to enrollment and net tuition growth.

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

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

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

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

(In Thousands)

	2024-25	2023-24
Operating Revenues	\$ 125,797	\$ 109,726
Less, Operating Expenses	302,242	271,153
Operating Loss	(176,445)	(161,427)
Net Nonoperating Revenues	167,663	182,319
Income (Loss) Before Other Revenues	(8,782)	20,892
Other Revenues	24,259	30,235
Net Increase In Net Position	15,477	51,127
Net Position, Beginning of Year	176,380	125,253
Net Position, End of Year	\$ 191,857	\$ 176,380

Operating Revenues

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

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

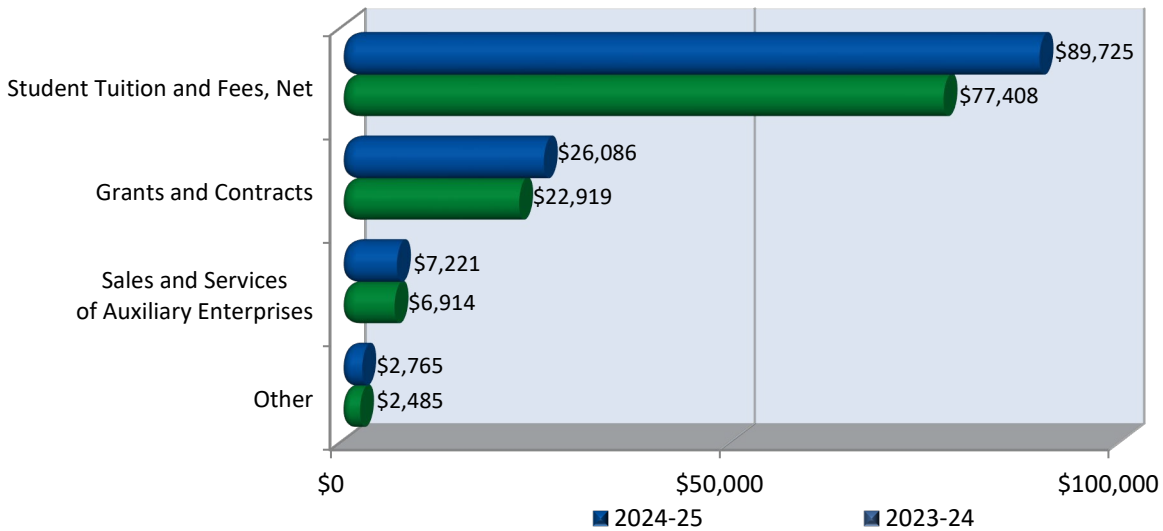
**Operating Revenues
For the Fiscal Years**

(In Thousands)

	2024-25	2023-24
Student Tuition and Fees, Net	\$ 89,725	\$ 77,408
Grants and Contracts	26,086	22,919
Sales and Services of Auxiliary Enterprises	7,221	6,914
Other	2,765	2,485
Total Operating Revenues	\$ 125,797	\$ 109,726

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

Operating Revenues
(In Thousands)



Total operating revenues for the 2024-25 fiscal year were \$125.8 million, of which \$89.7 million was from net student tuition and fees. Tuition allowance, which represents the difference between the stated charges for goods and services provided by the University and the amount that is actually paid by the student or third-party making payments on behalf of the student, totaled \$23.3 million and is deducted from gross student tuition and fees of \$113 million to arrive at net student tuition and fees. Net student tuition and fees totaled \$89.7 million for the 2024-25 fiscal year, which represented a \$12.3 million increase from the 2023-24 fiscal year resulting from an increase in enrollment. State and local grants and contracts were \$7.4 million, or \$1.6 million higher compared to the 2023-24 fiscal year, while Federal grants and contracts were \$18.7 million, or \$1.6 million higher compared to 2023-24 fiscal year.

Operating Expenses

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

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

**Operating Expenses
For the Fiscal Years**

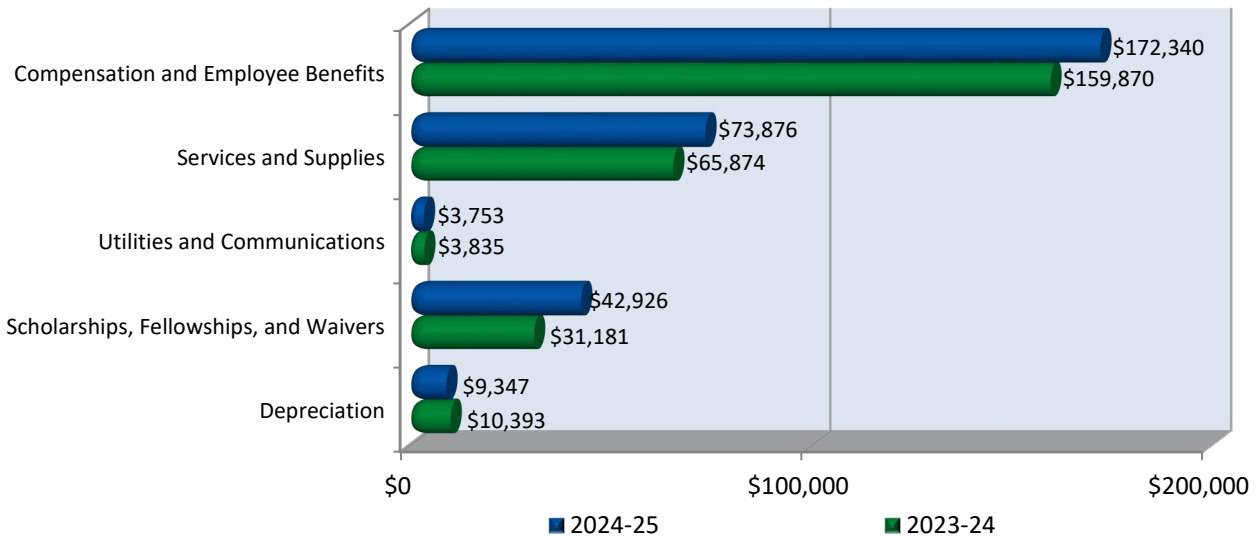
(In Thousands)

	<u>2024-25</u>	<u>2023-24</u>
Compensation and Employee Benefits	\$ 172,340	\$ 159,870
Services and Supplies	73,876	65,874
Utilities and Communications	3,753	3,835
Scholarships, Fellowships, and Waivers	42,926	31,181
Depreciation	9,347	10,393
Total Operating Expenses	<u>\$ 302,242</u>	<u>\$ 271,153</u>

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

Operating Expenses

(In Thousands)



Compensation and employee benefits increased by \$12.5 million primarily due to the recruitment and retention initiatives by the Florida Board of Governors, merit wage increases, and pension-related expenses. Services and supplies increased by \$8 million for the 2024-25 fiscal year primarily due to increased spending among all sectors as enrollment continues to grow. Scholarship expenses increased by \$11.7 million as the University increased institutional awards to attract and retain students for the associated enrollment growth.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University’s nonoperating revenues and expenses for the 2024-25 and 2023-24 fiscal years:

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

	2024-25	2023-24
State Noncapital Appropriations	\$135,413	\$135,472
Federal and State Student Financial Aid	38,206	32,219
Noncapital Grants, Contracts, and Gifts	7,087	6,569
Investment Income	8,066	7,398
Other Nonoperating Revenues	125	1,138
Loss on Disposal of Capital Assets	(102)	(352)
Interest on Capital Asset-Related Debt	(114)	(125)
Other Nonoperating Expenses	(21,018)	-
Net Nonoperating Revenues	\$167,663	\$182,319

The \$21 million increase in other nonoperating expenses was mainly due to the removal of works of art and historical treasures; see Note 6. for more details. The \$6 million increase in Federal and State student financial aid was mainly due to an increase in Pell funding primarily related to enrollment increases.

Other Revenues

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

**Other Revenues
For the Fiscal Years
(In Thousands)**

	2024-25	2023-24
State Capital Appropriations	\$ 20,865	\$ 26,167
Capital Grants, Contracts, Donations, and Fees	3,394	4,068
Total	\$ 24,259	\$ 30,235

The \$5.3 million decrease in State capital appropriations is related to the prior fiscal year increase for a Satellite Facility Plant project.

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 and related financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2024-25 and 2023-24 fiscal years:

**Condensed Statement of Cash Flows
For the Fiscal Years**

(In Thousands)

	2024-25	2023-24
Cash Provided (Used) by:		
Operating Activities	\$(166,224)	\$(142,662)
Noncapital Financing Activities	180,357	176,773
Capital and Related Financing Activities	(3,950)	(6,356)
Investing Activities	(8,869)	(28,542)
Net Increase (Decrease) in Cash and Cash Equivalents	1,314	(787)
Cash and Cash Equivalents, Beginning of Year	8,236	9,023
Cash and Cash Equivalents, End of Year	\$ 9,550	\$ 8,236

Major sources of funds came from proceeds from sales and maturities of investments (\$140 million), State noncapital appropriations (\$135.4 million), net student tuition and fees (\$89.8 million), Federal Direct Loan program receipts (\$54.7 million), Federal and State student financial aid (\$38.2 million), grants and contracts (\$24.4 million), and State capital appropriations (\$13.6 million). Major uses of funds were for payments to employees totaling \$169.9 million, purchase of investments totaling \$155 million, payments to suppliers for goods and services totaling \$77.7 million, Federal Direct Loan program disbursements totaling \$54.7 million, payments to students for scholarships and fellowships totaling \$42.9 million, and purchase or construction of capital assets totaling \$19.5 million.

CAPITAL ASSETS AND CAPITAL EXPENSES AND COMMITMENTS

Capital Assets

At June 30, 2025, the University had \$392.4 million in capital assets, less accumulated depreciation of \$221.3 million, for net capital assets of \$171.1 million. Depreciation charges for the current fiscal year totaled \$9.3 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2025	2024
Land	\$ 11,479	\$ 11,479
Works of Art and Historical Treasures	-	20,992
Construction in Progress	30,492	19,279
Buildings	98,593	101,581
Infrastructure and Other Improvements	14,985	13,865
Furniture and Equipment	12,227	10,769
Library Resources	8	1
Right-to-Use Lease Assets	2,230	2,640
Leasehold Improvements	1,034	1,278
Computer Software and Other	56	-
Capital Assets, Net	\$171,104	\$181,884

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2025, were incurred on new construction, renovation, and redesign projects. The University's construction commitments at June 30, 2025, are as follows:

	Amount (In Thousands)
Total Committed	\$ 42,539
Completed to Date	30,492
Balance Committed	\$ 12,047

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University's economic condition is closely tied to that of the State of Florida. Because of economic growth and the University's performance in Performance-Based Funding (PBF), for the 2025-26 fiscal year, the University received an increase in the State PBF investment of just under \$1 million, and top-three performance funding of just under \$2 million. Additionally, the University received Nursing Pipeline funds of \$3.8 million and a nonrecurring allocation of \$750,000 for Civil Engineering. Finally, in capital appropriations, the University received \$1.5 million in Capital Improvement Trust Fund dollars for various student-focused campus projects. The University expects an increase in revenue from student tuition and fees because of increased enrollment and increased out-of-state student tuition and fees.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Controller's Office, University of West Florida, 11000 University Parkway, Building 20E, Pensacola, Florida 32514.

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BASIC FINANCIAL STATEMENTS

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

June 30, 2025

	<u>University</u>	<u>Component Units</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 6,355,024	\$ 3,955,012
Investments	154,524,998	8,382,810
Accounts Receivable, Net	13,032,769	6,448,919
Contributions Receivable, Net	-	1,779,057
Loans and Notes Receivable, Net	5,697	210,070
Due from State	49,438,310	-
Due from University	-	684,869
Inventories	-	66,592
Other Current Assets	-	377,921
Total Current Assets	<u>223,356,798</u>	<u>21,905,250</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	3,195,096	1,585,529
Restricted Investments	-	143,604,974
Loans and Notes Receivable, Net	-	1,770,235
Depreciable Capital Assets, Net	126,903,535	35,400,513
Right-to-Use Lease Assets, Net	2,229,695	-
Nondepreciable Capital Assets	41,971,330	5,431,175
Other Noncurrent Assets	-	3,852,427
Total Noncurrent Assets	<u>174,299,656</u>	<u>191,644,853</u>
Total Assets	<u>397,656,454</u>	<u>213,550,103</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	24,846,035	-
Pensions	22,425,392	-
Total Deferred Outflows of Resources	<u>47,271,427</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,186,292	734,465
Construction Contracts Payable	872,211	-
Salary and Wages Payable	4,881,987	-
Deposits Payable	1,220,564	-
Due to Component Units	684,869	-
Unearned Revenue	956,909	117,808
Other Current Liabilities	5,142	76,106
Long-Term Liabilities - Current Portion:		
Bonds Payable	-	3,347,408
Revenue Received in Advance	1,601,516	443,749
Right-to-Use Leases Payable	483,060	-
Compensated Absences Payable	1,583,961	-
Other Postemployment Benefits Payable	2,598,457	-
Total Current Liabilities	<u>18,074,968</u>	<u>4,719,536</u>

	<u>University</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	-	22,442,674
Revenue Received in Advance	6,743,561	6,517,489
Right-to-Use Leases Payable	2,030,990	-
Compensated Absences Payable	19,762,451	490,057
Other Postemployment Benefits Payable	90,889,282	-
Net Pension Liability	66,347,314	-
Other Noncurrent Liabilities	-	1,530,408
Total Noncurrent Liabilities	<u>185,773,598</u>	<u>30,980,628</u>
Total Liabilities	<u>203,848,566</u>	<u>35,700,164</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	38,355,213	-
Pensions	9,632,178	-
Leases	1,234,646	1,737,728
Irrevocable Split-Interest Agreements	-	1,793,165
Total Deferred Inflows of Resources	<u>49,222,037</u>	<u>3,530,893</u>
NET POSITION		
Net Investment in Capital Assets	167,355,863	15,041,606
Restricted for Nonexpendable:		
Endowment	-	82,994,233
Restricted for Expendable:		
Loans	469,516	-
Capital Projects	50,170,686	-
Other	-	74,905,502
Unrestricted	<u>(26,138,787)</u>	<u>1,377,705</u>
TOTAL NET POSITION	<u>\$ 191,857,278</u>	<u>\$ 174,319,046</u>

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

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

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$23,313,310	\$ 89,725,372	\$ -
Federal Grants and Contracts	18,671,856	-
State and Local Grants and Contracts	7,413,865	-
Sales and Services of Component Units	-	2,016,273
Sales and Services of Auxiliary Enterprises	7,220,532	-
Gifts and Donations	-	8,095,653
Other Operating Revenues	2,765,278	12,481,536
Total Operating Revenues	125,796,903	22,593,462
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	172,340,372	4,803,487
Services and Supplies	73,876,325	11,387,639
Utilities and Communications	3,752,263	1,482,796
Scholarships, Fellowships, and Waivers	42,925,872	2,951,853
Depreciation	9,346,873	3,515,352
Total Operating Expenses	302,241,705	24,141,127
Operating Loss	(176,444,802)	(1,547,665)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	135,413,060	-
Federal and State Student Financial Aid	38,206,003	-
Noncapital Grants, Contracts, and Gifts	7,087,044	-
Investment Income	8,065,729	14,731,195
Other Nonoperating Revenues	124,591	1,443,737
Gain (Loss) on Disposal of Capital Assets	(102,171)	2,966
Interest on Capital Asset-Related Debt	(113,408)	(986,763)
Other Nonoperating Expenses	(21,018,335)	(4,179,792)
Net Nonoperating Revenues	167,662,513	11,011,343
Income (Loss) Before Other Revenues	(8,782,289)	9,463,678
State Capital Appropriations	20,865,019	-
Capital Grants, Contracts, Donations, and Fees	3,394,213	-
Additions to Permanent Endowments	-	2,022,917
Total Other Revenues	24,259,232	2,022,917
Increase in Net Position	15,476,943	11,486,595
Net Position, Beginning of Year	176,380,335	162,832,451
Net Position, End of Year	\$ 191,857,278	\$ 174,319,046

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

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

For the Fiscal Year Ended June 30, 2025

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 89,786,252
Grants and Contracts	24,397,824
Sales and Services of Auxiliary Enterprises	7,220,532
Payments to Employees	(169,916,962)
Payments to Suppliers for Goods and Services	(77,716,277)
Payments to Students for Scholarships and Fellowships	(42,925,872)
Other Operating Receipts	2,930,655
	(166,223,848)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	135,413,060
Federal and State Student Financial Aid	38,206,003
Noncapital Grants, Contracts, and Gifts	7,087,044
Federal Direct Loan Program Receipts	54,708,198
Federal Direct Loan Program Disbursements	(54,708,198)
Net Change in Funds Held for Others	(409,757)
Other Nonoperating Receipts	60,337
	180,356,687
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	13,550,045
Capital Grants and Contracts	2,658,622
Purchase or Construction of Capital Assets	(19,493,481)
Principal Paid on Leases	(551,355)
Interest Paid on Leases	(113,408)
	(3,949,577)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(155,014,266)
Proceeds from Sales and Maturities of Investments	140,000,000
Investment Income	6,145,530
	(8,868,736)
Net Increase in Cash and Cash Equivalents	1,314,526
Cash and Cash Equivalents, Beginning of Year	8,235,594
Cash and Cash Equivalents, End of Year	\$ 9,550,120

	<u>University</u>
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (176,444,802)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	9,346,873
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(990,436)
Loans and Notes Receivable, Net	(1,301)
Accounts Payable	(90,482)
Salaries and Wages Payable	1,186,992
Deposits Payable	91,493
Compensated Absences Payable	2,129,788
Unearned Revenue	328,573
Revenues Received in Advance	(886,665)
Other Liabilities	(514)
Other Postemployment Benefits Payable	18,374,550
Net Pension Liability	(1,120,204)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(6,537,548)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(9,996,008)
Deferred Outflows of Resources Related to Pensions	(3,467,881)
Deferred Inflows of Resources Related to Pensions	1,853,724
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (166,223,848)</u>

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

Unrealized gains on investments were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 1,807,321
Losses from the disposal of capital assets and the removal of the value of works of art and historical treasures were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (21,094,506)

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

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

- University of West Florida Foundation, Inc. provides funding and services to support and foster the pursuit of higher education at the University and operates solely for the benefit of the University and its mission of teaching, research, and service. The Foundation serves as the vehicle whereby taxpayers who want to advance the cause of higher education and to pay more than their share of the cost of education may do so. The Foundation does not serve any private causes, but generally benefits the public.
- West Florida Historic Preservation, Inc. was established to engage in the restoration and exhibition of historical landmarks in the Pensacola, Florida vicinity. This organization conducts certain activities and programs that assist and promote the purposes of the University.

- UWF Business Enterprises, Inc. was established to receive, hold, develop, provide, maintain, and administer property and to make expenditures to or for the exclusive benefit of the University or a research and development park or research and development authority of or affiliated with the University and to promote, encourage, and aid the research activities of faculty, staff, and students of the University.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. 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. GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

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

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

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

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third party making payment on behalf of the student. The University applied the "Direct Method A" as prescribed in NACUBO Advisory Report 2023-01 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payment for services, using a detail by student and by term.

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

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

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

- Buildings – 10 to 50 years
- Infrastructure and Other Improvements – 10 to 50 years
- Furniture and Equipment – 5 to 20 years

- Library Resources – 10 years
- Leasehold Improvements – 10 years or the term of the lease, whichever is greater
- Computer Software and Other – 5 years

Leases. The University determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and lease liabilities in the statement of net position. Lease assets represent the University's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities represent the University's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. The University has elected to recognize payments for short-term leases with a lease term of 12 months or less and leases with a present value of less than a hundred thousand dollars over the life of the lease as expenses are incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position.

Lessor arrangements are included in deferred inflows of resources in the statement of net position. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. The University recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. The University also recognizes payments received on leases with an initial calculated net present value of one hundred thousand dollars or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statement of net position.

Noncurrent Liabilities. Noncurrent liabilities include revenue received in advance, right-to-use leases payable, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year.

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

2. Deficit Net Position in Individual Funds

The University reported a deficit unrestricted net position at June 30, 2025, as shown below.

<u>Funds</u>	<u>Net Position</u>
General Revenue Fund	\$ (119,726,563)
All Other Current Unrestricted Funds	<u>93,587,776</u>
Total	<u><u>\$ (26,138,787)</u></u>

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

<u>Description</u>	<u>Amount</u>
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources	\$ 155,758,642
Amount Expected to be Financed in Future Years:	
Compensated Absences Payable	\$ (21,346,412)
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(106,996,917)
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	<u>(53,554,100)</u>
Total Amount Expected to be Financed in Future Years	<u>(181,897,429)</u>
Total Unrestricted Net Position	<u><u>\$ (26,138,787)</u></u>

3. Investments

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

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

Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

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

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

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 116,070,649	\$ -	\$ -	\$ 116,070,649
United States Treasury Securities	8,754,398	3,419,501	5,334,897	-
Obligations of United States Government				
Agencies and Instrumentalities	5,328,349	-	5,328,349	-
Bonds and Notes	15,558,955	-	15,558,955	-
Mutual Funds:				
Equities	7,474,419	7,474,419	-	-
Total Investments by Fair Value Level	153,186,770	\$ 10,893,920	\$ 26,222,201	\$ 116,070,649
Investments at Amortized Cost				
SBA Florida Prime	1,338,228			
Total Investments	\$ 154,524,998			

External Investment Pools. The University reported investments at fair value totaling \$116,070,649 at June 30, 2025, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.33 years, and fair value factor of 1.003 at June 30, 2025. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled, and the fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed, and the total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

At June 30, 2025, the University reported investments totaling \$1,338,228 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The University's

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

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

Other Investments. The following risks apply to the University's investments in other than external investment pools:

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(16), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due. Investments of the University in debt securities and bonds and notes, and their future maturities at June 30, 2025, are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investments Maturities (In Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
United States Treasury Securities	\$ 8,754,398	\$ 140,994	\$ 8,613,404
Obligations of United States Government Agencies and Instrumentalities	5,328,349	1,274,352	4,053,997
Bonds and Notes	15,558,955	5,137,525	10,421,430
Total Investments	\$29,641,702	\$ 6,552,871	\$23,088,831

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk and do not require disclosure of credit quality. The University’s investment policy limits fixed income exposure to investment grade assets and provides credit quality guidelines applicable to the investment objective. The following schedule represents the ratings at June 30, 2025, of the University’s debt instruments using Moody’s and Standard & Poor’s, nationally recognized rating agencies:

University Debt Investments Quality Ratings

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Less Than A</u>
United States Treasury Securities	\$ 8,754,398	\$ -	\$ 8,754,398	\$ -	\$ -
Obligations of United States Government Agencies and Instrumentalities	5,328,349	485,415	4,643,256	199,678	-
Bonds and Notes	15,558,955	6,218,974	1,497,834	6,359,701	1,482,446
Total Investments	<u>\$ 29,641,702</u>	<u>\$ 6,704,389</u>	<u>\$ 14,895,488</u>	<u>\$ 6,559,379</u>	<u>\$ 1,482,446</u>

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University’s investments in a single issuer. The University’s investment policies require diversification sufficient to reduce the potential of a single security, single sector of securities, or single style of management having a disproportionate or significant impact on the portfolio. The University’s policy considers credit risk on an investment-type basis and established that, in equities, no more than 10 percent of the portfolio should be invested in any one company.

Component Units’ Investments. The University of West Florida Foundation, Inc. (Foundation) has an investment policy which provides guidelines for the investment of Foundation assets. The purpose of these assets is to further the overall mission of the University. The objectives of the assets are the enhancement of capital and real purchasing power while limiting exposure to risk of loss. Real purchasing power of real rate of return will be defined as returns in excess of inflation as defined by Consumer Price Index. The investment policy provides information on authorized asset classes, target allocations and ranges of acceptable investment categories.

Investments held by the Foundation at June 30, 2025, are reported at fair value as follows:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Investments Measured at Fair Value:				
Equity Securities - Domestic and International	\$ 81,650,506	\$ 77,180,540	\$ 4,469,966	\$ -
Debt Securities	31,725,466	19,881,174	11,844,292	-
External Investment Pool:				
State Treasury Special Purpose Investment Account	2,163,316	-	-	2,163,316
Alternative Investments:				
Private Equity Investments	6,237,148	-	-	6,237,148
Real Estate Investment Trust	3,844,891	-	-	3,844,891
Total Alternative Investments	10,082,039	-	-	10,082,039
Total Investments by Fair Value Level	125,621,327	\$ 97,061,714	\$ 16,314,258	\$ 12,245,355
Investments Measured at Net Asset Value (NAV):				
Fund of Fund Hedge Funds	12,116,481			
Private Equity Investments	12,479,619			
Total Investments Measured at NAV	24,596,100			
Total Investments	\$ 150,217,427			

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

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fund of Fund Hedge Funds:				
Equity Market Neutral	\$ 12,116,481	\$ -	Quarterly to Semi-annual	95 Days
Private Equity Investments	12,479,619	1,672,722	N/A (1)	N/A (1)
Total Investments Measured at NAV	\$ 24,596,100	\$ 1,672,722		

(1) These funds are in private equity structures with no ability to be redeemed.

The investments above of \$150,217,427 at fair value, and certificates of deposits totaling \$522,678 equal a total investment holding for the Foundation of \$150,740,105 at June 30, 2025.

Fair Value Measurement: Equity Securities: Investments in equity securities are measured at fair value using quoted market prices. The majority of the securities are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available. The remaining securities are classified as Level 2 when significant other observable inputs are used to ascertain their value.

Debt Securities: Investments in fixed income securities are classified as Level 1 as they trade with sufficient frequency and volume to enable the Foundation to obtain pricing information on an ongoing basis. However, a small segment of debt security holdings is in a High Yield Commingled Fund where there are inputs, other than quoted prices included in Level 1, that are observable, either directly or indirectly, and are therefore included in Level 2.

External investment pool: Investments in the SPIA are classified as Level 3.

Alternative Investments: Investments in private equity partnerships for which there is no readily determinable fair value is classified as Level 3 as the valuation is based on significant unobservable inputs.

Private Equity and Real Estate Investment Trust: Private equity and real estate investment trust funds for which there are not readily determinable fair values are classified as Level 3 as the valuation is based on significant unobservable inputs. Private equity and real estate investment trusts are partnerships formed for the purpose of acquiring, holding, managing and selling income producing real estate and real estate related assets, including interests in joint venture development projects for current income or investment and capital appreciation over a 3 to 5 year holding period.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. It is the Foundation's policy to require that all securities be held by the Foundation's agent in the Foundation's name. The Foundation's investments as of June 30, 2025, excluding mutual funds, alternative investments, and the external investment pool are uninsured and registered with securities held by the Foundation's agent in the Foundation's name. Mutual funds and alternative investments do not have specific securities, are uninsured and are held in the book entry form.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy requires diversification of investments sufficient to reduce the potential of a single security, single sector of securities, or single investment manager having a disproportionate or significant impact on the portfolio. Guidelines for individual sectors of the portfolio further indicate percentage limitations. Disclosure of any issuer of investments that in the aggregate is 5 percent or more of the portfolio is required to be disclosed as a concentration of credit risk (investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt). As of June 30, 2025, there were no concentrations of credit risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2025, the credit quality ratings of the Foundation's debt securities were as follows:

<u>Standard & Poor's Credit Rating</u>	<u>Amount</u>
AAA	\$ 9,750,980
AA	7,437,778
A	3,434,537
BBB	5,672,578
BB	2,592,168
B	1,981,704
Below B	711,132
Unrated	144,589
Total Debt Securities Investments	<u>\$ 31,725,466</u>

Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The schedule above only reflects the credit risk related to debt securities that are directly held by the Foundation.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's policy for managing its exposure to fair value loss occurring from interest rate risk is through maintaining diversification of its investments and investment maturities so as to minimize the impact of downturns in the market as stated above.

As of June 30, 2025, the Foundation's debt securities of \$31,725,466 had the following weighted average maturities:

<u>Total Fair Value</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
\$ 31,725,466	\$ 22,595,424	\$ 9,130,042

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. It is the Foundation's policy to limit its exposure to foreign currency risk by limiting the asset allocation in international investments in accordance with the established targets in the approved investment policy. As of June 30, 2025, the Foundation did not have any direct investments subject to this risk. As of June 30, 2025, the Foundation's assets were held in U.S. currency; the currency risk on international and global assets is absorbed by the underlying investment managers.

Investments held by West Florida Historic Preservation, Inc. at June 30, 2025, consist of certificates of deposits totaling \$138,847.

Investments held by UWF Business Enterprises, Inc. at June 30, 2025, consist of certificates of deposits totaling \$814,667 and United States Treasury Securities valued at \$294,165 for a total investment balance of \$1,108,832.

4. Receivables

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2025, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Contracts and Grants	\$ 8,403,655
Student Tuition and Fees	5,366,056
Interest and Dividends	<u>411,704</u>
Gross Accounts Receivable	14,181,415
Less: Allowances for Doubtful Accounts	<u>(1,148,646)</u>
Total Accounts Receivable	<u><u>\$ 13,032,769</u></u>

Allowances for doubtful accounts are reported based on management's best estimate as of fiscal year end, considering type, age, collection history, and other factors considered appropriate. No allowance has been accrued for contracts and grants receivable or interest and dividends receivable, as University management considers these to be fully collectible.

5. Due From State

The amount due from State consists of \$49,438,310 of Public Education Capital Outlay and Capital Improvement Fee Trust Fund allocations due from the State to the University for construction of University facilities.

6. Capital Assets

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 11,478,677	\$ -	\$ -	\$ 11,478,677
Works of Art and Historical Treasures (1)	20,992,335	-	20,992,335	-
Construction in Progress	19,278,992	12,348,437	1,134,776	30,492,653
Total Nondepreciable Capital Assets	\$ 51,750,004	\$ 12,348,437	\$ 22,127,111	\$ 41,971,330
Depreciable Capital Assets:				
Buildings	\$ 223,972,426	\$ 1,830,567	\$ -	\$ 225,802,993
Infrastructure and Other Improvements	44,245,195	1,957,965	183,473	46,019,687
Furniture and Equipment	40,730,036	4,602,710	1,677,429	43,655,317
Library Resources	27,242,499	7,852	-	27,250,351
Right-to-Use Lease Assets	4,466,600	106,615	113,727	4,459,488
Leasehold Improvements	2,500,959	-	-	2,500,959
Computer Software and Other	683,800	68,965	-	752,765
Total Depreciable Capital Assets	343,841,515	8,574,674	1,974,629	350,441,560
Less, Accumulated Depreciation:				
Buildings	122,391,809	4,818,526	-	127,210,335
Infrastructure and Other Improvements	30,379,844	825,934	171,165	31,034,613
Furniture and Equipment	29,960,453	2,928,721	1,461,170	31,428,004
Library Resources	27,241,730	163	-	27,241,893
Right-to-Use Lease Assets	1,826,987	516,460	113,654	2,229,793
Leasehold Improvements	1,222,823	244,425	-	1,467,248
Computer Software and Other	683,800	12,644	-	696,444
Total Accumulated Depreciation	213,707,446	9,346,873	1,745,989	221,308,330
Total Depreciable Capital Assets, Net	\$ 130,134,069	\$ (772,199)	\$ 228,640	\$ 129,133,230

(1) The University removed works of art and historical treasures during the 2024-25 fiscal year. The works of art and historical treasures consisted mainly of periodicals and other local writings. Due to the nature of these items, assigning an acquisition value is highly subjective and, accordingly, the University removed the value in keeping GASB Statement No. 72, *Fair Value Measurements and Applications*.

7. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2025, include revenue received in advance, right-to-use leases payable, compensated absences payable, other postemployment benefits payable, and net pension liability. Long-term liabilities activity for the fiscal year ended June 30, 2025, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Revenue Received in Advance	\$ 9,231,742	\$ 1,201,545	\$ 2,088,210	\$ 8,345,077	\$ 1,601,516
Right-to-Use Leases Payable	2,908,401	106,616	500,967	2,514,050	483,060
Compensated Absences Payable	19,216,624	3,718,409	1,588,621	21,346,412	1,583,961
Other Postemployment Benefits Payable	75,113,189	75,092,842	56,718,292	93,487,739	2,598,457
Net Pension Liability	67,467,518	27,050,004	28,170,208	66,347,314	-
Total Long-Term Liabilities	\$ 173,937,474	\$ 107,169,416	\$ 89,066,298	\$ 192,040,592	\$ 6,266,994

Revenue Received in Advance. Revenue received in advance consists primarily of funds received but not yet earned under a grant from the State Economic Development Initiative. Total revenue received in advance as of June 30, 2025, amounted to \$8,345,077, with \$1,601,516 expected to be earned during the 2025-26 fiscal year.

Right-to-Use Leases Payable. The University leases equipment and space from external parties for various terms under long-term lease agreements. The leases expire at various dates through 2040 and provide for renewal options ranging from 1 year to 10 years. In accordance with GASB Statement No. 87, *Leases*, the University records right-to-use lease assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the University’s incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. The University does not have any leases featuring payments tied to an index or market rate. The University does not have any leases subject to a residual value guarantee. See Note 6. Capital Assets for information on right-to-use lease assets and the associated accumulated depreciation. Future minimum payments under the lease agreements as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 483,060	\$ 95,189	\$ 578,249
2027	397,372	77,332	474,704
2028	408,573	60,578	469,151
2029	379,216	43,742	422,958
2030	229,964	30,465	260,429
2031-2035	276,670	108,246	384,916
2036-2040	339,195	44,261	383,456
Total Minimum Lease Payments	<u>\$ 2,514,050</u>	<u>\$ 459,813</u>	<u>\$ 2,973,863</u>

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors’ Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee’s unpaid (unused) leave balance. Compensated absences are estimated and accrued as liabilities to the extent that it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2025, the estimated liability for compensated absences, which includes the University’s share of the Florida Retirement System and FICA contributions, totaled \$21,346,412. The current portion of the compensated absences liability, \$1,583,961, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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

General Information about the OPEB Plan

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

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

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of \$93,487,739 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2024. At June 30, 2024, the University's proportionate share, determined by its proportion of total benefit payments made, was 0.91627951263 percent, which was an increase of 0.018789068463 from its proportionate share reported as of June 30, 2023.

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

Inflation	2.4 percent
Salary increases	Varies by FRS class
Discount rate	4.21 percent
Healthcare cost trend rates	
PPO Plan	7.86 percent for 2025, decreasing to an ultimate rate of 4 percent for 2075 and later years
HMO Plan	7.68 percent for 2025, decreasing to an ultimate rate of 4 percent for 2075 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

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

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

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the July 1, 2024, valuation were based on the 2019 Experience Study prepared by Milliman and adopted by the FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the July 1, 2024, valuation were based on a review of recent plan experience done concurrently with the July 1, 2024, valuation.

The following changes have been made since the prior valuation:

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

- **Claims Costs and Premium Rates** – The assumed claims and premiums reflect the actual claims information that was provided as well as the premiums that are actually being charged to participants. The recent claims experience along with changes in the demographics of the population resulted in pharmacy claims costs higher than projected and lower premium rates than expected. The net result was an increase in liabilities due to claims and premiums as of June 30, 2024.
- **Health Care Cost Aging Factors** – Age-related claims were updated to use aging factors developed in a study completed by Dale Yamamoto for the Society of Actuaries. These rates more accurately account for the way in which claims costs vary with age.
- **Trend Rate** –The medical trend assumption is updated each year based on the Getzen Model. Medical trend rates used were consistent with the August 2024 Report on Financial Outlook of the Plan along with information from the Getzen Model and actuarial judgement. The impact of the trend rate changes is a small increase in the liability, due primarily to higher trend rates in the first several years.
- **Discount Rate** – The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate increased from 4.13 percent to 4.21 percent.

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

	<u>1% Decrease (3.21%)</u>	<u>Current Discount Rate (4.21%)</u>	<u>1% Increase (5.21%)</u>
University’s proportionate share of the total OPEB liability	\$109,507,658	\$93,487,739	\$80,609,046

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
University’s proportionate share of the total OPEB liability	\$79,469,092	\$93,487,739	\$111,594,798

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

For the fiscal year ended June 30, 2025, the University recognized OPEB expense of \$4,550,844. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 6,903,135
Change of assumptions or other inputs	13,782,468	26,144,385
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	8,408,309	5,307,693
Transactions subsequent to the measurement date	2,655,258	-
Total	<u>\$ 24,846,035</u>	<u>\$ 38,355,213</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$2,655,258 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (4,601,119)
2027	(3,602,534)
2028	(3,523,059)
2029	(3,523,059)
2030	(3,417,600)
Thereafter	2,502,935
Total	<u>\$ (16,164,436)</u>

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2025, the University's proportionate share of the net pension liabilities totaled \$66,347,314. Note 8. includes a complete discussion of defined benefit pension plans.

8. Retirement Plans – Defined Benefit Pension Plans

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

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

The University's FRS and HIS pension expense totaled \$6,406,253 for the fiscal year ended June 30, 2025.

FRS Pension Plan

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

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

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

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

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

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

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

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

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

(1) Employer rates include 2 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The University's contributions to the Plan totaled \$7,837,246 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the University reported a liability of \$47,245,903 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The University's proportionate share of the net pension liability was based on the University's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the University's proportionate share was 0.122130711 percent, which was an increase of 0.000143946 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the University recognized pension expense of \$5,775,369. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,773,105	\$ -
Change of assumptions	6,475,483	-
Net difference between projected and actual earnings on FRS Plan investments	-	3,140,208
Changes in proportion and differences between University contributions and proportionate share of contributions	37,189	2,886,418
University FRS contributions subsequent to the measurement date	7,837,246	-
Total	\$ 19,123,023	\$ 6,026,626

The deferred outflows of resources totaling \$7,837,246, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (2,105,024)
2027	6,831,678
2028	146,152
2029	(44,574)
2030	430,919
Total	<u>\$ 5,259,151</u>

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

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate (Property)	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Total	<u>100.0%</u>			
Assumed inflation – Mean			2.4%	1.5%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2024 valuation was unchanged from the previous valuation.

Sensitivity of the University’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University’s proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
University’s proportionate share of the net pension liability	\$83,103,888	\$47,245,903	\$17,207,234

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

Payables to the Pension Plan. At June 30, 2025, the University reported a payable of \$584,274 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2025.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

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

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

The University's contributions to the HIS Plan totaled \$1,303,368 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the University reported a liability of \$19,101,411 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The University's proportionate share of the net pension liability was based on the University's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the University's proportionate share was 0.127334446 percent, which was an increase of 0.008580862 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the University recognized pension expense of \$630,884. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 184,437	\$ 36,678
Change of assumptions	338,050	2,261,362
Net difference between projected and actual earnings on HIS Plan investments	-	6,908
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	1,476,514	1,300,604
University HIS contributions subsequent to the measurement date	1,303,368	-
Total	<u>\$ 3,302,369</u>	<u>\$ 3,605,552</u>

The deferred outflows of resources totaling \$1,303,368, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (446,147)
2027	(523,030)
2028	(535,303)
2029	(161,707)
2030	46,954
Thereafter	12,682
Total	<u>\$ (1,606,551)</u>

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

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.93 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.65 percent to 3.93 percent.

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

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
University’s proportionate share of the net pension liability	\$21,744,501	\$19,101,411	\$16,907,218

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

Payables to the Pension Plan. At June 30, 2025, the University reported a payable of \$121,368 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2025.

9. Retirement Plans – Defined Contribution Pension Plans

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

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

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

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

approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The University’s Investment Plan pension expense totaled \$3,630,535 for the fiscal year ended June 30, 2025.

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

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

The University’s contributions to the Program totaled \$4,221,178, and employee contributions totaled \$2,146,688 for the 2024-25 fiscal year.

10. Construction Commitments

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

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
B236 Campus Stadium	\$ 3,285,423	\$ 202,163	\$ 3,083,260
Portable Water System	3,267,735	67,186	3,200,549
B129 Science & Engineering Research Building	2,548,102	476,760	2,071,342
Subtotal	9,101,260	746,109	8,355,151
Other Projects (1)	33,438,030	29,746,544	3,691,486
Total	<u>\$ 42,539,290</u>	<u>\$ 30,492,653</u>	<u>\$ 12,046,637</u>

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

11. Risk Management Programs

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers’ compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2024-25 fiscal year, for

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

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

12. Litigation

The University is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the University's legal counsel and management, should not materially affect the University's financial position.

13. Functional Distribution of Operating Expenses

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 83,450,285
Research	23,105,450
Public Services	18,001,465
Academic Support	36,250,519
Student Services	13,498,940
Institutional Support	32,748,730
Operation and Maintenance of Plant	15,729,755
Scholarships, Fellowships, and Waivers	42,925,872
Depreciation	9,346,873
Auxiliary Enterprises	27,183,816
Total Operating Expenses	\$ 302,241,705

14. Discretely Presented Component Units

The University has three discretely presented component units as discussed in Note 1. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

Condensed Statement of Net Position

	<u>Direct-Support Organizations</u>			<u>Total</u>
	<u>University of West Florida Foundation, Inc. 6-30-25</u>	<u>West Florida Historic Preservation, Inc. 6-30-25</u>	<u>UWF Business Enterprises, Inc. 6-30-25</u>	
Assets:				
Current Assets	\$ 17,786,225	\$ 2,468,780	\$ 1,650,245	\$ 21,905,250
Capital Assets, Net	33,014,992	4,699,236	3,117,460	40,831,688
Other Noncurrent Assets	149,042,096	834	1,770,235	150,813,165
Total Assets	199,843,313	7,168,850	6,537,940	213,550,103
Liabilities:				
Current Liabilities	4,062,307	143,838	513,391	4,719,536
Noncurrent Liabilities	24,463,139	-	6,517,489	30,980,628
Total Liabilities	28,525,446	143,838	7,030,880	35,700,164
Deferred Inflows of Resources	1,793,165	-	1,737,728	3,530,893
Net Position:				
Net Investment in Capital Assets	7,224,910	4,699,236	3,117,460	15,041,606
Restricted Nonexpendable	82,994,233	-	-	82,994,233
Restricted Expendable	74,733,748	171,754	-	74,905,502
Unrestricted	4,571,811	2,154,022	(5,348,128)	1,377,705
Total Net Position	\$ 169,524,702	\$ 7,025,012	\$ (2,230,668)	\$ 174,319,046

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

	Direct-Support Organizations			Total
	University of West Florida Foundation, Inc. 6-30-25	West Florida Historic Preservation, Inc. 6-30-25	UWF Business Enterprises, Inc. 6-30-25	
Operating Revenues	\$ 19,109,611	\$ 1,980,767	\$ 1,503,084	\$ 22,593,462
Depreciation Expense	(3,143,620)	(244,578)	(127,154)	(3,515,352)
Operating Expenses	(17,878,945)	(1,741,837)	(1,004,993)	(20,625,775)
Operating Income (Loss)	(1,912,954)	(5,648)	370,937	(1,547,665)
Net Nonoperating Revenues (Expenses):				
Nonoperating Revenues	15,977,866	147,836	52,196	16,177,898
Interest Expense	(986,763)	-	-	(986,763)
Other Nonoperating Expenses	(4,147,016)	-	(32,776)	(4,179,792)
Net Nonoperating Revenues	10,844,087	147,836	19,420	11,011,343
Other Revenues	2,022,917	-	-	2,022,917
Increase in Net Position	10,954,050	142,188	390,357	11,486,595
Net Position, Beginning of Year	158,570,652	6,882,824	(2,621,025)	162,832,451
Net Position, End of Year	\$ 169,524,702	\$ 7,025,012	\$ (2,230,668)	\$ 174,319,046

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2024	2023	2022	2021	2020
University's proportion of the total other postemployment benefits liability	0.92%	0.90%	0.91%	0.96%	0.94%
University's proportionate share of the total other postemployment benefits liability	\$ 93,487,739	\$ 75,113,189	\$ 71,180,458	\$ 101,210,756	\$ 96,712,405
University's covered-employee payroll	\$ 98,950,740	\$ 87,547,064	\$ 81,526,596	\$ 87,391,552	\$ 94,633,730
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	94.48%	85.80%	87.31%	115.81%	102.20%
	2019	2018	2017	2016	
University's proportion of the total other postemployment benefits liability	0.89%	0.79%	0.79%	0.77%	
University's proportionate share of the total other postemployment benefits liability	\$ 112,729,335	\$ 83,357,000	\$ 85,002,000	\$ 91,051,000	
University's covered-employee payroll	\$ 91,294,267	\$ 94,792,234	\$ 84,509,945	\$ 80,338,474	
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	123.48%	87.94%	100.58%	113.33%	

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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>
University's proportion of the FRS net pension liability	0.122130711%	0.121986765%	0.126970839%	0.133552560%
University's proportionate share of the FRS net pension liability	\$ 47,245,903	\$ 48,607,865	\$ 47,243,356	\$ 10,088,378
University's covered payroll (2)	\$ 93,597,472	\$ 86,651,220	\$ 81,332,999	\$ 86,958,969
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	50.48%	56.10%	58.09%	11.60%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.70%	82.38%	82.89%	96.40%

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

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

Schedule of University Contributions – Florida Retirement System Pension Plan

	<u>2025 (1)</u>	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>
Contractually required FRS contribution	\$ 7,837,246	\$ 6,915,814	\$ 5,868,348	\$ 5,418,077
FRS contributions in relation to the contractually required contribution	<u>(7,837,246)</u>	<u>(6,915,814)</u>	<u>(5,868,348)</u>	<u>(5,418,077)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 106,387,268	\$ 93,597,472	\$ 86,651,220	\$ 81,332,999
FRS contributions as a percentage of covered payroll	7.37%	7.39%	6.77%	6.66%

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

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

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
0.143558225%	0.149445112%	0.151231440%	0.145922896%	0.143843124%	0.136590124%
\$ 62,220,251	\$ 51,466,816	\$ 45,551,694	\$ 43,163,014	\$ 36,320,502	\$ 17,642,446
\$ 92,298,070	\$ 90,132,197	\$ 87,347,832	\$ 84,767,273	\$ 80,346,498	\$ 72,474,365
67.41%	57.10%	52.15%	50.92%	45.20%	24.34%
78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>
\$ 5,087,776	\$ 4,769,804	\$ 4,633,877	\$ 4,309,975	\$ 3,798,732	\$ 3,507,844
<u>(5,087,776)</u>	<u>(4,769,804)</u>	<u>(4,633,877)</u>	<u>(4,309,975)</u>	<u>(3,798,732)</u>	<u>(3,507,844)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 86,958,969	\$ 92,298,070	\$ 90,132,197	\$ 87,347,832	\$ 84,767,273	\$ 80,346,498
5.85%	5.17%	5.14%	4.93%	4.48%	4.37%

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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>
University's proportion of the HIS net pension liability	0.127334446%	0.118753584%	0.115350115%	0.127447389%
University's proportionate share of the HIS net pension liability	\$ 19,101,411	\$ 18,859,653	\$ 12,217,420	\$ 15,633,338
University's covered payroll (2)	\$ 52,894,610	\$ 46,377,074	\$ 41,660,088	\$ 44,973,100
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	36.11%	40.67%	29.33%	34.76%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.80%	4.12%	4.81%	3.56%

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

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

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	<u>2025 (1)</u>	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>
Contractually required HIS contribution	\$ 1,303,368	\$ 1,078,051	\$ 781,182	\$ 697,965
HIS contributions in relation to the contractually required HIS contribution	<u>(1,303,368)</u>	<u>(1,078,051)</u>	<u>(781,182)</u>	<u>(697,965)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 64,133,178	\$ 52,894,610	\$ 46,377,074	\$ 41,660,088
HIS contributions as a percentage of covered payroll	2.03%	2.04%	1.68%	1.68%

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

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

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
0.138974263%	0.141686519%	0.141160531%	0.140025649%	0.141032901%	0.128838678%
\$ 16,968,531	\$ 15,853,304	\$ 14,940,590	\$ 14,972,187	\$ 16,436,799	\$ 13,139,518
\$ 47,765,677	\$ 46,974,798	\$ 45,786,177	\$ 44,164,277	\$ 43,134,639	\$ 38,823,836
35.52%	33.75%	32.63%	33.90%	38.11%	33.84%
3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>
\$ 749,137	\$ 800,844	\$ 786,771	\$ 765,517	\$ 741,056	\$ 722,884
(749,137)	(800,844)	(786,771)	(765,517)	(741,056)	(722,884)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 44,973,100	\$ 47,765,677	\$ 46,974,798	\$ 45,786,177	\$ 44,164,277	\$ 43,134,639
1.67%	1.68%	1.67%	1.67%	1.68%	1.68%

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

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

Changes of Benefit Terms. This reflects changes made to the Plan upon legislative action. The changes reflected are as follows:

- Retirement eligibility for special risk employees hired on and after July 1, 2011, is now age 55 with 8 years of service, or attainment of 25 years of service regardless of age (previously age 60 with 8 years of service, or 30 years of service regardless of age).
- The maximum DROP participation period has been extended from 60 months (5 years) to 96 months (8 years).
- The maximum DROP participation age and service requirements have been removed.
- Retirement rates and DROP entry rates were updated in conjunction with these changes.

Changes of Assumptions. Changes in assumptions reflect a change in the discount rate from 4.13 percent for the reporting period ended June 30, 2024, to 4.21 percent for the reporting period ended June 30, 2025. Also reflected as assumption changes are:

- Updated health care costs and premiums based on Plan experience,
- Updated claims aging rates,
- Updated health care cost trend rates based on projected Plan experience, and
- Updated DROP participation period assumption to 48 months (4 years) for those who have elected DROP.

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

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

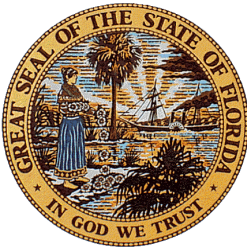
3. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

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

**Schedule of the University's
Receipts and Expenditures of
Funds Related to the Deepwater Horizon Oil Spill
For the Fiscal Year Ended June 30, 2025**

<u>Source</u>	<u>Amount Received in the 2024-25 Fiscal Year</u>	<u>Amount Expended in the 2024-25 Fiscal Year</u>
Triumph Gulf Coast, Inc.:		
293-Nursing & Respiratory Therapy	\$ 530,240	\$ 1,514,282

Note: Basis of Presentation. The Schedule of the University's Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill includes the Deepwater Horizon grant activity of the University of West Florida. Receipts are presented on the cash basis, and expenditures are presented on the modified accrual basis, of accounting.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the University of West Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 5, 2026, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 5, 2026