

**STATE OF FLORIDA AUDITOR GENERAL**

**Financial Audit**

**FLORIDA POLYTECHNIC UNIVERSITY**

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. Devin Stephenson served as President of Florida Polytechnic University, and the following individuals served as Members of the Board of Trustees:

Beth Kigel, Chair from 8-1-24, Vice Chair through 7-31-24	Eliot Peace from 5-15-25 <sup>d</sup> Dr. Laine Powell through 7-15-25 <sup>d</sup>
Jesse Panuccio, Vice Chair from 8-1-24	Dr. Edwar Romero-Ramirez from 5-6-25 <sup>e</sup>
Clifford "Cliff" K. Otto through 7-31-24, Chair <sup>a</sup>	Ilya Shapiro
Dr. Dorian Abbot	Lyn D. Stanfield
Patrick Hagen	Dr. Sidney W. Theis
Colby Manrodt from 4-28-25 <sup>b</sup>	Dr. Bradford Towle through 5-5-25 <sup>e</sup>
Sumanth Neelam from 5-15-25 <sup>c</sup>	Christos Tsetsekas through 4-27-25 <sup>b</sup>

<sup>a</sup> Trustee position vacant from 8-1-24.

<sup>b</sup> Student Body President.

<sup>c</sup> Trustee position vacant through 5-14-25.

<sup>d</sup> Trustee position vacant from 7-16-24, through 5-14-25.

<sup>e</sup> Faculty Senate Chair.

Note: One Trustee position was vacant the entire period.

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 audit was supervised by Mark A. Arroyo, CPA.

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

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**Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722**

**FLORIDA POLYTECHNIC UNIVERSITY**  
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# SUMMARY

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## SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Florida Polytechnic University (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:

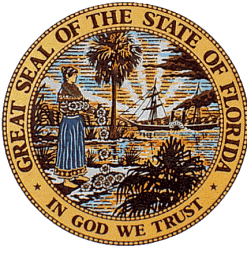
- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained an 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.
- 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

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



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

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of Florida Polytechnic University, a component unit of the State of Florida, and its discretely presented component unit 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 report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Florida Polytechnic University and of its discretely presented component unit 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 discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report 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.

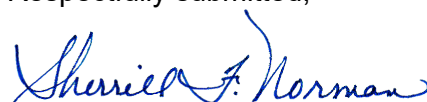
### ***Required Supplementary Information***

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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026, on our consideration of the Florida Polytechnic University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Florida Polytechnic University's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 12, 2026

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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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.

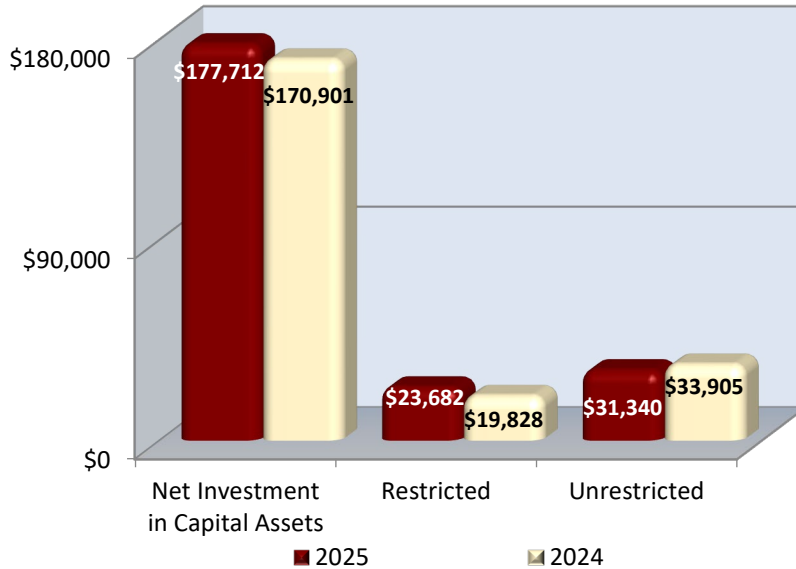
### **FINANCIAL HIGHLIGHTS**

The University's assets and deferred outflows of resources totaled \$355.6 million at June 30, 2025. This balance reflects a \$10.6 million, or 3.1 percent, increase as compared to the 2023-24 fiscal year, resulting from increases in capital assets, due from State, and deferred outflows of resources. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources increased by \$2.5 million, or 2.1 percent, totaling \$122.9 million at June 30, 2025, resulting primarily from increases in pension and other postemployment benefits liabilities. As a result, the University's net position increased by \$8.1 million, bringing the year-end balance to \$232.7 million.

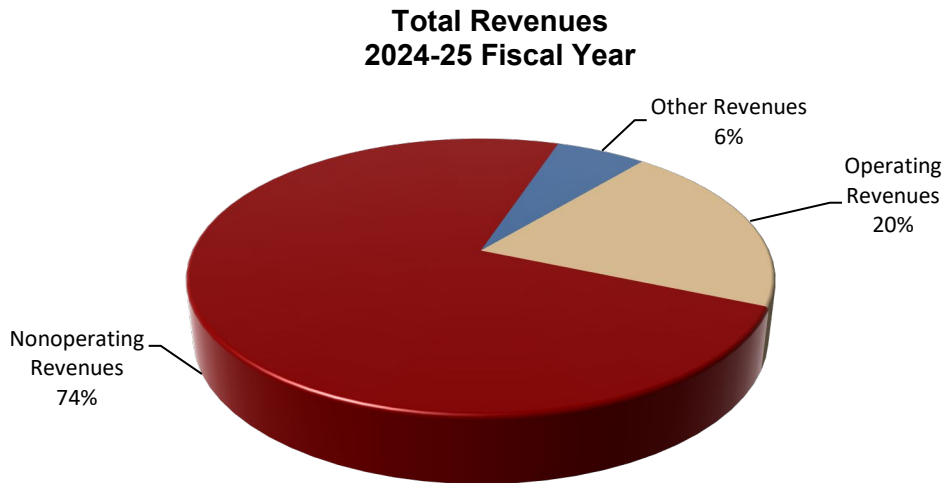
The University's operating revenues totaled \$19.6 million for the 2024-25 fiscal year, a 34.4 percent increase over the 2023-24 fiscal year, driven mainly by the opening of Housing Phase III in August 2024. This increased housing and meal revenues for Auxiliary Services. Operating expenses totaled \$88.8 million for the 2024-25 fiscal year, an increase of \$12.1 million, or 15.7 percent, compared with the 2023-24 fiscal year. Compensation and benefits increased \$6.3 million, or 17.4 percent, scholarships, fellowships, and waivers increased \$2.5 million, or 22 percent; and services and supplies increased \$2.5 million, or 12.1 percent.

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:

**Net Position  
(In Thousands)**



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 unit. Based on the application of the criteria for determining component units, the Florida Polytechnic University Foundation, Inc. (Foundation) is included within the University reporting entity as a discretely presented component unit.

Information regarding the Foundation's separately issued financial statements is presented in the notes to the financial statements. This MD&A focuses on the University, excluding the discretely presented component unit.

### **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. Changes in net position 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)

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Current Assets	\$ 80,879	\$ 77,718
Capital Assets, Net	252,405	236,725
Other Noncurrent Assets	9,912	22,162
<b>Total Assets</b>	<b>343,196</b>	<b>336,605</b>
<b>Deferred Outflows of Resources</b>	<b>12,406</b>	<b>8,410</b>
<b>Liabilities</b>		
Current Liabilities	7,530	8,064
Noncurrent Liabilities	107,078	104,097
<b>Total Liabilities</b>	<b>114,608</b>	<b>112,161</b>
<b>Deferred Inflows of Resources</b>	<b>8,260</b>	<b>8,220</b>
<b>Net Position</b>		
Net Investment in Capital Assets	177,712	170,901
Restricted	23,682	19,828
Unrestricted	31,340	33,905
<b>Total Net Position</b>	<b>\$ 232,734</b>	<b>\$ 224,634</b>

The University's statement of net position changes were the result of the following factors:

- Current assets increased \$3.2 million due mainly to an increase in funds due from State for the new Student Achievement Center.
- Capital assets increased \$15.7 million primarily due to the completion of the Housing Phase III Building.
- Other noncurrent assets decreased \$12.3 million due to the reduction of investments that were spent on the Housing Phase III Building.
- Deferred outflows and inflows are based on actuarial assumptions that can change annually.

## **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)

	<u>2024-25</u>	<u>2023-24</u>
Operating Revenues	\$ 19,615	\$ 14,595
Less, Operating Expenses	<u>88,753</u>	<u>76,699</u>
<b>Operating Loss</b>	(69,138)	(62,104)
Net Nonoperating Revenues	<u>71,464</u>	<u>80,897</u>
<b>Income Before Other Revenues</b>	2,326	18,793
Other Revenues	<u>5,774</u>	<u>79</u>
<b>Net Increase In Net Position</b>	<u>8,100</u>	<u>18,872</u>
<b>Net Position, Beginning of Year</b>	<u>224,634</u>	<u>205,762</u>
<b>Net Position, End of Year</b>	<u><u>\$ 232,734</u></u>	<u><u>\$ 224,634</u></u>

## **Operating Revenues**

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions in which each party 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:

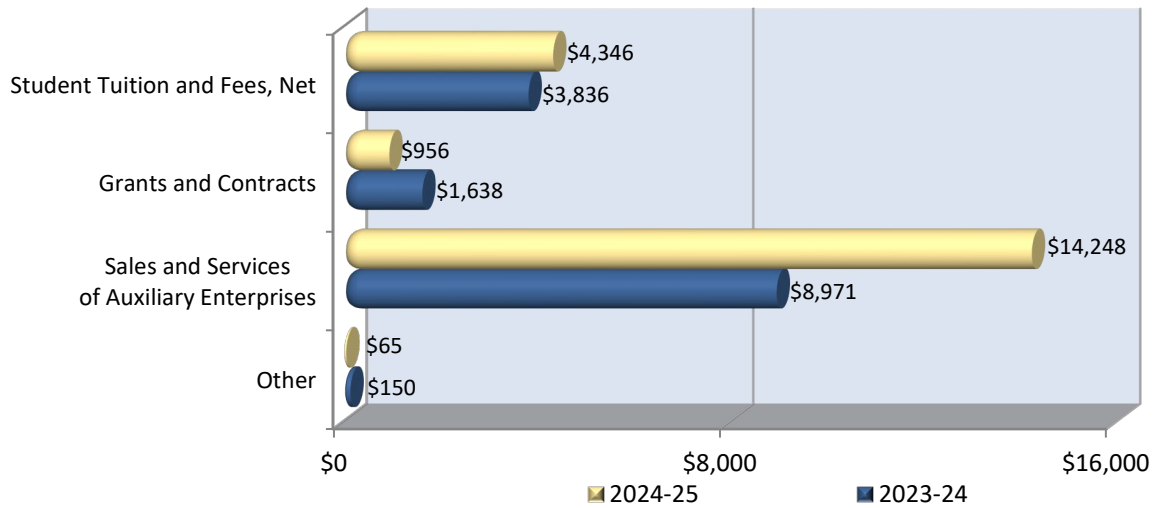
### **Operating Revenues For the Fiscal Years**

(In Thousands)

	<u>2024-25</u>	<u>2023-24</u>
Student Tuition and Fees, Net	\$ 4,346	\$ 3,836
Grants and Contracts	956	1,638
Sales and Services of Auxiliary Enterprises	14,248	8,971
Other	<u>65</u>	<u>150</u>
<b>Total Operating Revenues</b>	<u><u>\$ 19,615</u></u>	<u><u>\$ 14,595</u></u>

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

**Operating Revenues**  
(In Thousands)



University operating revenue changes were the result of the University’s investment in operating residential housing and an increase in dining services.

**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 allows financial reporting entities to report operating expenses in 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 to display the functional classification in the notes to financial statements.

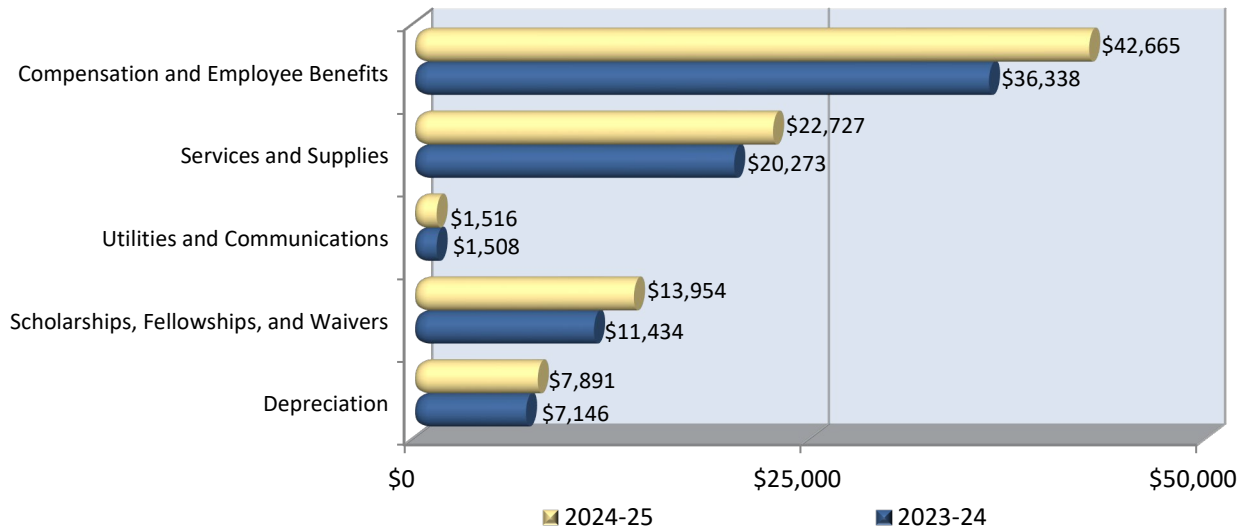
The following summarizes operating expenses by natural classification for the 2024-25 and 2023-24 fiscal years:

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

	<u>2024-25</u>	<u>2023-24</u>
Compensation and Employee Benefits	\$ 42,665	\$ 36,338
Services and Supplies	22,727	20,273
Utilities and Communications	1,516	1,508
Scholarships, Fellowships, and Waivers	13,954	11,434
Depreciation	<u>7,891</u>	<u>7,146</u>
<b>Total Operating Expenses</b>	<b><u>\$ 88,753</u></b>	<b><u>\$ 76,699</u></b>

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

**Operating Expenses**  
(In Thousands)



Changes in operating expenses were driven by salary and benefit increases, scholarships, fellowships, and waivers, and expanded services aligned with the University's strategic plan.

**Nonoperating Revenues and Expenses**

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

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

	<u>2024-25</u>	<u>2023-24</u>
State Noncapital Appropriations	\$ 57,429	\$ 66,433
Federal and State Student Financial Aid	13,891	11,094
Gain on Disposal of Capital Assets	18	1
Investment Income	3,761	4,629
Unrealized Gain on Investments	173	1,464
Other Nonoperating Revenues	3	236
Interest on Capital Asset-Related Debt	(3,670)	(2,960)
Other Nonoperating Expenses	<u>(141)</u>	<u>-</u>
<b>Net Nonoperating Revenues</b>	<b><u>\$ 71,464</u></b>	<b><u>\$ 80,897</u></b>

Changes in nonoperating revenue were the result of the following:

- State noncapital appropriations decreased due to an \$11.8 million prior fiscal year nonrecurring performance-based funding for recruitment and retention, offset by an additional \$2 million in recurring funds. The 2023-24 fiscal year recurring funds totaling \$5 million increased the University's base.
- Investment income has decreased relative to the decrease in investments from the use of funds in the construction of Housing Phase III.

### **Other Revenues**

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

<b>Other Revenues For the Fiscal Years (In Thousands)</b>	<u>2024-25</u>	<u>2023-24</u>
State Capital Appropriations	<u>\$ 5,774</u>	<u>\$ 79</u>

State capital appropriations increased due to funds received for the construction of the Student Achievement Center.

### **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, meet its financial obligations as they come due, and obtain external financing. Cash flows from operating activities show the net cash used by the University's operations. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

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

<b>Condensed Statement of Cash Flows For the Fiscal Years (In Thousands)</b>	<u>2024-25</u>	<u>2023-24</u>
Cash Provided (Used) by:		
Operating Activities	\$ (60,344)	\$ (52,736)
Noncapital Financing Activities	71,520	77,763
Capital and Related Financing Activities	(29,920)	(32,972)
Investing Activities	<u>18,057</u>	<u>7,689</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(687)	(256)
Cash and Cash Equivalents, Beginning of Year	<u>687</u>	<u>943</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ -</u>	<u>\$ 687</u>

Major sources of funds came from State noncapital appropriations (\$57.4 million), sales and services of auxiliary enterprises (\$14.2 million), Federal and State student financial aid (\$13.9 million), net student tuition and fees (\$4 million), and Federal Direct Loan program receipts (\$3.3 million). Major uses of funds were for payments to employees (\$41.2 million), payments to suppliers for goods and services (\$24.3 million), payments to students for scholarships and fellowships (\$14 million), interest paid on capital debt (\$3.7 million), and disbursements to students for the Federal Direct Loan program (\$3.3 million).

**CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS,  
AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2025, the University had \$313.9 million in capital assets, less accumulated depreciation of \$61.5 million, for net capital assets of \$252.4 million. Depreciation charges for the current fiscal year totaled \$7.9 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)**

	<b>2025</b>	<b>2024</b>
Land	\$ 18,156	\$ 18,156
Construction in Progress	19,568	41,762
Subscription-Based Information		
Technology Arrangements in Progress	3,416	1,542
Buildings	182,833	145,603
Infrastructure and Other Improvements	20,974	22,581
Furniture and Equipment	2,277	2,257
Subscription-Based Information		
Technology Arrangements	3,340	3,867
Lease Assets	-	30
Other Capital Assets	1,841	927
<b>Capital Assets, Net</b>	<b>\$252,405</b>	<b>\$236,725</b>

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

**Capital Expenses and Commitments**

Major capital expenses through June 30, 2025, were incurred on the following projects: Housing Phase III Building, Gary C. Wendt Engineering Building, Public Safety and Operations Center, and Parking Lot #5. The University’s construction commitments at June 30, 2025, are as follows:

	<b>Amount</b> <b>(In Thousands)</b>
Total Committed	\$ 32,507
Completed to Date	19,568
<b>Balance Committed</b>	<b>\$ 12,939</b>

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

**Debt Administration**

As of June 30, 2025, the University had \$77.2 million in outstanding capital improvement debt payable. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

**Long-Term Debt at June 30**  
**(In Thousands)**

	<b>2025</b>	<b>2024</b>
Capital Improvement Debt	\$ 77,209	\$ 77,209
Lease Payable	-	46
<b>Total</b>	<b>\$ 77,209</b>	<b>\$ 77,255</b>

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

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

The University’s economic condition is closely tied to that of the State of Florida. The budget the Florida Legislature adopted for the 2025-26 fiscal year provided a slight decrease in the base funding for State universities, yet a slight increase in performance-based funding. Regarding the University’s legislative priorities, the Legislature provided \$10 million for enrollment growth. The University expects an increase in revenue from student tuition and fees, driven by higher enrollment.

**REQUESTS FOR INFORMATION**

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Penelope Farley, Assistant Vice President & University Controller, Florida Polytechnic University, 4700 Research Way, Lakeland, Florida, 33805-8531.

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# BASIC FINANCIAL STATEMENTS

## FLORIDA POLYTECHNIC UNIVERSITY A Component Unit of the State of Florida Statement of Net Position

June 30, 2025

	<u>University</u>	<u>Component Unit</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 1,791,820
Investments	68,307,672	184,268
Accounts Receivable, Net	1,038,103	-
Pledges Receivable, Net	-	718,384
Interest Receivable	73,099	-
Due from State	9,035,198	-
Lease Receivable	241,039	-
Inventories	12,309	-
Prepaid Assets	2,172,005	-
<b>Total Current Assets</b>	<u>80,879,425</u>	<u>2,694,472</u>
Noncurrent Assets:		
Restricted Investments	4,915,975	7,432,755
Pledges Receivable, Net	-	3,369,172
Lease Receivable	2,479,906	-
Depreciable Capital Assets, Net	211,265,527	63,412
Nondepreciable Capital Assets	41,139,426	-
Other Noncurrent Assets	2,516,624	-
<b>Total Noncurrent Assets</b>	<u>262,317,458</u>	<u>10,865,339</u>
<b>Total Assets</b>	<u>343,196,883</u>	<u>13,559,811</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	4,793,090	-
Pensions	7,612,732	-
<b>Total Deferred Outflows of Resources</b>	<u>12,405,822</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	1,529,159	35,543
Construction Contracts Payable	1,271,764	-
Salary and Wages Payable	1,554,726	-
Temporary Cash Overdraft	338,214	-
Deposits Payable	123,802	-
Due to State	541	-
Unearned Revenue	506,457	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	1,215,000	-
Subscription Arrangement Liability	503,045	-
Compensated Absences Payable	209,231	-
Other Postemployment Benefits Payable	260,842	-
Net Pension Liability	17,522	-
<b>Total Current Liabilities</b>	<u>7,530,303</u>	<u>35,543</u>

	<u>University</u>	<u>Component Unit</u>
<b>LIABILITIES (Continued)</b>		
Noncurrent Liabilities:		
Bonds Payable	75,994,215	-
Subscription Arrangement Liability	2,836,870	-
Compensated Absences Payable	1,883,082	-
Other Postemployment Benefits Payable	9,123,760	-
Net Pension Liability	17,240,175	-
<b>Total Noncurrent Liabilities</b>	<u>107,078,102</u>	<u>-</u>
<b>Total Liabilities</b>	<u>114,608,405</u>	<u>35,543</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	3,573,898	-
Pensions	1,964,983	-
Lease Receivable	2,720,945	-
<b>Total Deferred Inflows of Resources</b>	<u>8,259,826</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	177,712,363	63,412
Restricted for Nonexpendable:		
Endowment	-	4,619,577
Restricted for Expendable:		
Debt Service	4,915,975	-
Grants	1,079,431	-
Capital Projects	9,035,198	1,837,579
Other	8,651,417	5,226,309
Unrestricted	31,340,090	1,777,391
<b>TOTAL NET POSITION</b>	<u>\$ 232,734,474</u>	<u>\$ 13,524,268</u>

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

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

	<b>University</b>	<b>Component Unit</b>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$5,755,600	\$ 4,346,232	\$ -
Federal Grants and Contracts	664,516	-
State and Local Grants and Contracts	119,272	-
Nongovernmental Grants and Contracts	171,861	-
Sales and Services of Auxiliary Enterprises (\$6,965,535 Pledged for Housing Facility Revenue Bonds)	14,248,324	-
Interest on Loans and Notes Receivable	60,406	-
Contributions, Net	-	927,190
Other Operating Revenues	4,902	393,573
<b>Total Operating Revenues</b>	<b>19,615,513</b>	<b>1,320,763</b>
<b>EXPENSES</b>		
Operating Expenses:		
Compensation and Employee Benefits	42,665,265	-
Services and Supplies	22,727,645	818,112
Utilities and Communications	1,516,249	-
Scholarships, Fellowships, and Waivers	13,953,605	440,204
Depreciation	7,890,746	10,569
Other Operating Expenses	-	190,246
<b>Total Operating Expenses</b>	<b>88,753,510</b>	<b>1,459,131</b>
<b>Operating Loss</b>	<b>(69,137,997)</b>	<b>(138,368)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Noncapital Appropriations	57,429,084	-
Federal and State Student Financial Aid	13,891,120	-
Investment Income	3,760,618	346,298
Unrealized Gains on Investments	173,253	488,761
Other Nonoperating Revenues	2,995	-
Gain on Disposal of Capital Assets	18,200	-
Interest on Capital Asset-Related Debt	(3,669,602)	-
Other Nonoperating Expenses	(141,435)	-
<b>Net Nonoperating Revenues</b>	<b>71,464,233</b>	<b>835,059</b>
<b>Income Before Other Revenues</b>	<b>2,326,236</b>	<b>696,691</b>
State Capital Appropriations	5,774,618	-
Additions to Permanent Endowments	-	400,800
<b>Total Other Revenues</b>	<b>5,774,618</b>	<b>400,800</b>
<b>Increase in Net Position</b>	<b>8,100,854</b>	<b>1,097,491</b>
<b>Net Position, Beginning of Year</b>	<b>224,633,620</b>	<b>12,426,777</b>
<b>Net Position, End of Year</b>	<b>\$ 232,734,474</b>	<b>\$ 13,524,268</b>

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

**FLORIDA POLYTECHNIC UNIVERSITY**  
**A Component Unit of the State of Florida**  
**Statement of Cash Flows**

**For the Fiscal Year Ended June 30, 2025**

	<b>University</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student Tuition and Fees, Net	\$ 4,023,995
Grants and Contracts	833,922
Sales and Services of Auxiliary Enterprises	14,248,324
Interest on Loans and Notes Receivable	60,406
Payments to Employees	(41,231,994)
Payments to Suppliers for Goods and Services	(24,282,489)
Payments to Students for Scholarships and Fellowships	(13,953,605)
Other Operating Disbursements	(42,910)
<b>Net Cash Used by Operating Activities</b>	<b>(60,344,351)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Noncapital Appropriations	57,429,084
Federal and State Student Financial Aid	13,891,120
Federal Direct Loan Program Receipts	3,341,008
Federal Direct Loan Program Disbursements	(3,341,008)
Other Nonoperating Receipts	199,774
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>71,519,978</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
State Capital Appropriations	474,892
Proceeds from Sale of Capital Assets	18,200
Principal Received on Leases	254,234
Interest Received on Leases	17,516
Purchase or Construction of Capital Assets	(26,442,339)
Principal Paid on Capital Debt and Leases	(572,908)
Interest Paid on Capital Debt and Leases	(3,669,602)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(29,920,007)</b>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	
Proceeds from Sales and Maturities of Investments	79,123,881
Purchases of Investments	(64,826,902)
Investment Income	3,760,618
<b>Net Cash Provided by Investing Activities</b>	<b>18,057,597</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(686,783)</b>
Cash and Cash Equivalents, Beginning of Year	686,783
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ -</b>

	<u>University</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (69,137,997)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization	7,890,746
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(443,964)
Due from Component Unit	28,605
Inventories	(12,309)
Other Assets	(520,798)
Accounts Payable	618,414
Salaries and Wages Payable	297,912
Deposits Payable	(384,991)
Compensated Absences Payable	245,111
Unearned Revenue	337,179
Due to State	(152,507)
Other Postemployment Benefits Payable	2,832,881
Pension Liability	1,759,827
Deferred Outflows of Resources from Other Postemployment Benefits	(1,180,112)
Deferred Inflows of Resources from Other Postemployment Benefits	(422,229)
Deferred Outflows of Resources from Pensions	(2,816,059)
Deferred Inflows of Resources from Pensions	715,940
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (60,344,351)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES</b>	
Unrealized gains on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 173,253

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

# **NOTES TO FINANCIAL STATEMENTS**

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## **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 Unit.** Based on the application of the criteria for determining component units, the Florida Polytechnic University Foundation, Inc. (Foundation), a legally separate entity, is included within the University's reporting entity as a discretely presented component unit and is governed by a separate board. Florida Statutes authorize these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. The Foundation solicits, collects, manages, and directs contributions to various academic departments and programs of the University, and assist the University in fundraising and public relations.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. Additional information on the Foundation, including copies of audit reports, is available by contacting the University Controller.

**Basis of Presentation.** The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide 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 unit uses 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 the administration, operation, and maintenance of capital assets and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, investment income, and unrealized gains on investments. Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third-party making payment on behalf of the student. To the extent that University resources are used to pay student charges, scholarship allowances are offset against tuition and fee revenue.

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 making debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

**Inventories**. Merchandise inventory is kept for the University's Spirit Store. Merchandise inventory is maintained and is available for resale to individuals and other University departments and is not expensed at the time of purchase. This inventory is reported on the statement of net position and is valued at cost.

**Capital Assets**. University capital assets consist of land, subscription-based information technology arrangements in progress, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, lease assets, subscription-based information technology arrangements, and other capital assets. These assets are capitalized and recorded at cost on the date of acquisition or at acquisition value on the date received for gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$5,000 for tangible personal property, \$100,000 for new buildings, \$250,000 for building improvements, and \$4 million for subscription-based information technology arrangements (SBITA). Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 15 to 30 years
- Furniture and Equipment – 3 to 15 years
- Library Resources – 10 years
- Lease Assets – 3 to 5 years
- Subscription-Based Information Technology Arrangements – the lesser of the subscription term or the useful life of the underlying asset
- Other Capital Assets – 10 years

**Noncurrent Liabilities**. Noncurrent liabilities include capital improvement debt payable, subscription arrangement liability, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premium or discount. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.

**Pensions**. For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary

net positions of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and HIS fiduciary net positions have been determined on the same basis as the FRS and the HIS plans report them. 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. Investments

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

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

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

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

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$19,231,247	\$ -	\$ -	\$ 19,231,247
SBA Debt Service Accounts	4,915,975	4,915,975	-	-
<b>Total investments by fair value level</b>	<b>\$24,147,222</b>	<b>\$ 4,915,975</b>	<b>\$ -</b>	<b>\$ 19,231,247</b>
SBA Florida Prime	49,076,425			
<b>Total investments</b>	<b>\$73,223,647</b>			

**External Investment Pools.** The University reported investments at fair value totaling \$19,231,247 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 (Level 3 inputs).

Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. The Treasury Investment Committee provides oversight of the pooled investments with the State Treasury 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 a fair value of the pool is determined from the individual values of the securities. The fair values of the securities are aggregated to determine the total pool fair value. 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 to manage interest rate and credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Annual Comprehensive Financial Report.

At June 30, 2025, the University reported investments totaling \$49,076,425 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, where shares are owned by 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 money entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2025, there were no redemption fees or maximum

transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

**State Board of Administration Debt Service Accounts.** The University reported investments totaling \$4,915,975 at June 30, 2025, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education on behalf of the University. The University's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the State's Annual Comprehensive Financial Report.

**Component Unit Investments.** The University discretely presented component units' investments at June 30, 2025, are reported at fair value 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)
Mutual Funds:				
Bonds	\$ 2,314,051	\$ 2,314,051	\$ -	\$ -
Equity	5,078,573	5,078,573	-	-
Total investments by fair value level	\$ 7,392,624	\$ 7,392,624	\$ -	\$ -
Open Ended Mutual Funds	224,399			
<b>Total Investments</b>	<b>\$ 7,617,023</b>			

### 3. 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	\$ 216,706
Student Tuition and Fees, Net	821,397
Interest	73,099
<b>Total Accounts Receivable</b>	<b>\$ 1,111,202</b>

**Lease Receivable.** Lease receivable represents a 30-year lease of educational spectrum bandwidth. The current annual lease payment is \$314,640, increasing by \$68,400 every 5 calendar years. Lease revenue and interest revenue totaling \$254,234 and \$60,406, respectively, were received during the 2024-25 fiscal year. Future annual lease payments expected to be received as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	5.47%	\$ 241,039	\$ 73,601	\$ 314,640
2027	5.47%	228,530	86,110	314,640
2028	5.47%	216,669	97,971	314,640
2029	5.47%	227,753	121,087	348,840
2030	6.3%	221,119	161,921	383,040
2031-2035	6.3%-7.24%	946,204	1,071,596	2,017,800
2036-2039	7.24%	639,631	1,166,130	1,805,761
<b>Total Minimum Lease Payments</b>		<u>\$ 2,720,945</u>	<u>\$ 2,778,416</u>	<u>\$ 5,499,361</u>

**Allowance for Doubtful Receivables.** Allowances for doubtful accounts are reported based on management's best estimate as of the fiscal year end, considering type, age, collection history, and other factors deemed appropriate. Accounts receivable are reported net of allowances of \$45,111 at June 30, 2025.

No allowance has been accrued for investment interest receivable, lease receivable, and contracts and grants receivable. University management considers these to be fully collectible.

#### **4. Due From State**

The amount due from the State primarily consists of \$9,035,198 of Public Education Capital Outlay due from the State to the University for the construction of University facilities.

#### **5. Due From Component Unit**

Any amount due from the Foundation consists of amounts pursuant to an agreement to support the University's operations. At June 30, 2025, there were no amounts due to or from the Foundation.

#### **6. Capital Assets**

Capital assets activity for the fiscal year ending 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	\$ 18,156,039	\$ -	\$ -	\$ 18,156,039
Subscription-Based Information				
Technology Arrangement in Progress	1,541,873	1,873,667	-	3,415,540
Construction in Progress	41,762,464	20,699,745	42,894,362	19,567,847
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 61,460,376</b>	<b>\$ 22,573,412</b>	<b>\$ 42,894,362</b>	<b>\$ 41,139,426</b>
Depreciable Capital Assets:				
Buildings	\$ 168,651,721	\$ 41,553,038	\$ -	\$ 210,204,759
Infrastructure and Other Improvements	38,646,106	-	-	38,646,106
Furniture and Equipment	10,886,090	997,586	69,261	11,814,415
Library Resources	16,358	-	-	16,358
Lease Assets	174,356	-	174,356	-
Subscription-Based Information				
Technology Arrangements	4,281,348	-	-	4,281,348
Other Capital Assets	6,428,163	1,341,324	-	7,769,487
<b>Total Depreciable Capital Assets</b>	<b>229,084,142</b>	<b>43,891,948</b>	<b>243,617</b>	<b>272,732,473</b>
Less, Accumulated Depreciation:				
Buildings	23,048,561	4,323,092	-	27,371,653
Infrastructure and Other Improvements	16,065,097	1,606,743	-	17,671,840
Furniture and Equipment	8,629,464	977,406	69,261	9,537,609
Library Resources	16,322	33	-	16,355
Lease Assets	144,811	29,545	174,356	-
Subscription-Based Information				
Technology Arrangements	414,293	527,140	-	941,433
Other Capital Assets	5,501,269	426,787	-	5,928,056
<b>Total Accumulated Depreciation</b>	<b>53,819,817</b>	<b>7,890,746</b>	<b>243,617</b>	<b>61,466,946</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 175,264,325</b>	<b>\$ 36,001,202</b>	<b>\$ -</b>	<b>\$ 211,265,527</b>

## 7. Temporary Cash Overdraft

The University maintained an account with a local bank to process general operating expenses. Funds in excess of current need, including float, were invested. As a result, the University's records showed a temporary cash overdraft for the amount of \$338,214 in outstanding checks not presented as of June 30, 2025. This did not, however, represent an overdraft in the University's depository account.

## 8. Unearned Revenue

Unearned revenue at June 30, 2025, includes prepaid contracts and student tuition and fees received prior to the fiscal year end related to subsequent accounting periods. As of June 30, 2025, the University reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Contracts and Grants	\$ 126,221
Student Tuition and Fees	380,236
<b>Total Unearned Revenue</b>	<b>\$ 506,457</b>

## 9. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2025, include capital improvement debt payable, lease payable, subscription arrangement liability, 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>
Capital Improvement Debt Payable	\$ 77,209,215	\$ -	\$ -	\$ 77,209,215	\$ 1,215,000
Lease Payable	45,768	-	45,768	-	-
Subscription Arrangement Liability	3,867,055	-	527,140	3,339,915	503,045
Compensated Absences Payable	1,847,202	2,318,992	2,073,881	2,092,313	209,231
Other Postemployment Benefits Payable	6,551,721	3,241,479	408,598	9,384,602	260,842
Net Pension Liability	15,497,870	8,521,484	6,761,657	17,257,697	17,522
<b>Total Long-Term Liabilities</b>	<b>\$ 105,018,831</b>	<b>\$ 14,081,955</b>	<b>\$ 9,817,044</b>	<b>\$ 109,283,742</b>	<b>\$ 2,205,640</b>

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

<u>Capital Improvement Debt Type and Series</u>	<u>Amount of Original Debt</u>	<u>Amount Outstanding (1)</u>	<u>Interest Rates (Percent)</u>	<u>Maturity Date To</u>
Student Housing Debt: 2023A Student Housing	<u>\$ 77,209,215</u>	<u>\$ 77,209,215</u>	4.25 to 7.00	2053

(1) Amount outstanding includes unamortized discounts and premiums.

The University has a portion of pledged future housing rental revenues to repay \$77,209,215 in capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to purchase student housing facilities, Phase II, and to construct student housing facilities, Phase III. The bonds are payable solely from student housing rental income through 2053. The University has committed to appropriate each year from the housing rental income amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$137,758,934. Interest paid for the current year totaled \$3,660,719, with \$54,319 paid from sinking fund reserves, of which \$236,053 has been offset and capitalized against interest earned during the construction phase of student housing facilities, Phase III. During the 2024-25 fiscal year, housing rental income totaled \$7,273,042.

On March 30, 2023, the Florida Board of Governors issued \$76,000,000 of Florida Polytechnic Dormitory Revenue Bonds, Series 2023A, with a net premium of \$2,374,753. The bonds will mature on July 1, 2053, and carry coupons ranging from 4.25 percent to 7 percent. Proceeds from these bonds were used to finance the acquisition of student housing facilities, Phase II and the design and construction of student housing facilities, Phase III. Securities are placed in the 2023A Project Construction Fund and used, together with estimated investment earnings thereon in the amount of \$1,516,693 to pay the cost of the project. Prepaid charges and bond issuance costs of \$2,516,624 will be amortized beginning in the 2025-26 fiscal year.

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,215,000	\$ 3,660,719	\$ 4,875,719
2027	1,305,000	3,575,669	4,880,669
2028	1,395,000	3,484,319	4,879,319
2029	1,490,000	3,386,669	4,876,669
2030	1,595,000	3,282,369	4,877,369
2031-2035	9,500,000	14,877,644	24,377,644
2036-2040	12,205,000	12,179,469	24,384,469
2041-2045	15,120,000	9,259,281	24,379,281
2046-2050	18,770,000	5,619,580	24,389,580
2051-2053	13,405,000	1,224,000	14,629,000
<b>Subtotal</b>	76,000,000	60,549,719	136,549,719
Unamortized Premium, Net	1,209,215	-	1,209,215
<b>Total</b>	<b>\$ 77,209,215</b>	<b>\$ 60,549,719</b>	<b>\$ 137,758,934</b>

**Subscription Arrangement Liability.** The University has a 10-year subscription-based information technology arrangement (SBITA) for the right to use the Workday ERP system, totaling \$4,281,348. The University has discounted the future minimum payments using its incremental borrowing rate, ranging from 4.79 to 6.33 percent. Future minimum payments under SBITA and present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 503,045	\$ 75,805	\$ 578,850
2027	480,050	98,800	578,850
2028	442,720	136,130	578,850
2029	419,606	159,244	578,850
2030	397,698	181,152	578,850
2031-2034	1,096,796	784,466	1,881,262
<b>Total</b>	<b>\$ 3,339,915</b>	<b>\$ 1,435,597</b>	<b>\$ 4,775,512</b>

**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, the 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 \$2,092,313. The current portion of the compensated absences liability,

\$209,231, 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 \$9,384,602 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 0.09 percent, which was an increase of 0.01 percent 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	7.86 percent for the Preferred Provider Organizations (PPO) for 2025, initially increasing to 8.0 percent for 2027 before decreasing to an ultimate rate of 4 percent for 2075 and later years. 7.68 percent for the Health Maintenance Organizations (HMO) for 2025, initially increasing to 7.73 percent for 2027 before 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 Municipal Bond 20-Year High Grade Rate Index. Mortality rates were based on the PUB-2010 mortality tables with fully generational mortality improvements using Scale MP-2018.

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

The following changes have been made since the prior valuation:

- **Census Data** – The census data reflects changes in status for the 24-month period since July 1, 2022.
- **DROP Participation Period** – The maximum DROP participation period was extended from 60 months (5 years) to 96 months (8 years) for all groups.
- **DROP Entry Window** – There were previously constraints on when a member could enter DROP after becoming retirement eligible. These constraints were removed.
- **Special Risk Eligibility** for those hired on and after July 1, 2011 – Eligibility was updated for this group. Previously, members became eligible at age 60 with 8 years of Credited Service or with 30 years of Credited service. Eligibility is now age 55 with 8 years of Credited Service or with 25 years of Credited Service.
- **Retirement and DROP Participation Rates** – Retirement rates and DROP entry rates were updated in alignment with the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2023.
- **Claims Costs and Premium Rates** – The assumed claims and premiums reflect the actual claims information that was provided as well as the premiums that are actually being charged to participants. The recent claims experience along with changes in the demographics of the population resulted in pharmacy claims costs higher than projected and lower premium rates than expected. The net result was an increase in liabilities due to claims and premiums as of June 30, 2024.
- **Health Care Cost Aging Factors** – Age-related claims were updated to use aging factors developed in a study completed by Dale Yamamoto for the Society of Actuaries.

- 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 Standard & Poor’s Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate increased from 4.13 percent to 4.21 percent.

*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	\$11,787,397	\$9,384,602	\$7,564,943

*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	\$7,291,588	\$9,384,602	\$12,302,566

***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 \$1,230,540. 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	\$ -	\$ 692,959
Change of assumptions or other inputs	1,383,529	2,624,458
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	3,143,018	256,481
Transactions subsequent to the measurement date	266,543	-
<b>Total</b>	<u>\$ 4,793,090</u>	<u>\$ 3,573,898</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$266,543 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	\$ 108,641
2027	245,354
2028	(27,095)
2029	(27,095)
2030	(38,638)
Thereafter	691,482
<b>Total</b>	<u>\$ 952,649</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 \$17,257,697. Note 10. includes a complete discussion of defined benefit pension plans.

## **10. 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](http://www.dms.myflorida.com)).

The University's FRS and HIS pension expense totaled \$2,287,286 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all services, which is based on the 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:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>% Value</u></b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
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
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
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
<b>Senior Management Service Class</b>	2.00
<b>Special Risk Class</b>	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	32.67
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 \$2,248,624 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 \$12,223,486 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 0.031597726 percent, which was an increase of 0.004456944 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the University recognized pension expense of \$1,973,707. 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	\$ 1,234,900	\$ -
Change of assumptions	1,675,341	-
Net difference between projected and actual earnings on FRS Plan investments	-	812,436
Changes in proportion and differences between University contributions and proportionate share of contributions	1,275,720	418,012
University FRS contributions subsequent to the measurement date	2,248,624	-
<b>Total</b>	<b>\$ 6,434,585</b>	<b>\$ 1,230,448</b>

The deferred outflows of resources totaling \$2,248,624, 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	\$ (89,239)
2027	2,208,708
2028	385,820
2029	259,072
2030	191,152
<b>Total</b>	<b>\$ 2,955,513</b>

*Actuarial Assumptions.* The total pension liability on July 1, 2024, 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%
<b>Total</b>	<b>100.0%</b>			
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	\$21,500,685	\$12,223,486	\$4,451,865

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

**HIS Pension Plan**

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

*Benefits Provided.* For the fiscal year ended June 30, 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 \$378,952 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 \$5,034,211 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within 1 year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The University's proportionate share of the net pension liability was based on the University's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the University's proportionate share was 0.033559220 percent, which was an increase of 0.004070973 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the University recognized pension expense of \$313,579. 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	\$ 48,609	\$ 9,666
Change of assumptions	89,094	595,986
Net difference between projected and actual earnings on HIS Plan investments	-	1,821
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	661,492	127,062
University HIS contributions subsequent to the measurement date	378,952	-
<b>Total</b>	<u>\$ 1,178,147</u>	<u>\$ 734,535</u>

The deferred outflows of resources totaling \$378,952 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	\$ 2,060
2027	(16,915)
2028	(30,109)
2029	30,466
2030	61,480
Thereafter	17,678
<b>Total</b>	<u>\$ 64,660</u>

*Actuarial Assumptions.* The total pension liability on July 1, 2024, 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 one percentage point lower (2.93 percent) or one percentage point higher (4.93 percent) than the current rate:

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
University's proportionate share of the net pension liability	\$5,730,802	\$5,034,211	\$4,455,928

*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.

## 11. 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, which 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 years, 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 \$1,294,705 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 their 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 purchasing annuities at retirement.

The University’s contributions to the Program totaled \$1,027,661, and employee contributions totaled \$537,447 for the 2024-25 fiscal year.

**12. 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>
Engineering Building	\$ 15,989,875	\$ 14,605,163	\$ 1,384,712
Public Safety Building	5,318,860	1,290,184	4,028,676
Student Achievement Center	4,754,560	-	4,754,560
Parking Lot 6	2,500,000	95,250	2,404,750
Residence Hall III Retail Space	853,646	853,646	-
<b>Subtotal</b>	<u>29,416,941</u>	<u>16,844,243</u>	<u>12,572,698</u>
Other Projects (1)	<u>3,090,040</u>	<u>2,723,604</u>	<u>366,436</u>
<b>Total</b>	<u>\$ 32,506,981</u>	<u>\$ 19,567,847</u>	<u>\$ 12,939,134</u>

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

**13. 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 \$75.25 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.

#### **14. 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.

#### **15. 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	\$ 18,990,982
Research	3,159,426
Public Services	322,494
Academic Support	3,353,231
Student Services	9,316,942
Institutional Support	14,750,789
Operation and Maintenance of Plant	6,169,030
Scholarships, Fellowships, and Waivers	13,953,605
Depreciation	7,890,746
Auxiliary Enterprises	10,846,265
<b>Total Operating Expenses</b>	<b><u><u>\$ 88,753,510</u></u></b>

## 16. Segment Information

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

### Condensed Statement of Net Position

	<u>Housing Facility</u>
<b>Assets</b>	
Current Assets	\$ 3,117,510
Capital Assets, Net	66,599,575
Other Noncurrent Assets	7,432,600
<b>Total Assets</b>	<b><u><u>77,149,685</u></u></b>
<b>Liabilities</b>	
Current Liabilities	1,939,858
Noncurrent Liabilities	76,004,216
<b>Total Liabilities</b>	<b><u><u>77,944,074</u></u></b>
<b>Net Position</b>	
Net Investment in Capital Assets	(8,093,016)
Restricted - Expendable	4,915,975
Unrestricted	2,382,652
<b>Total Net Position</b>	<b><u><u>\$ (794,389)</u></u></b>

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

	<b>Housing Facility</b>
Operating Revenues	\$ 7,273,042
Depreciation Expense	(1,595,788)
Other Operating Expenses	(2,750,424)
<b>Operating Income</b>	<b>2,926,830</b>
Nonoperating Revenues (Expenses):	
Nonoperating Revenue	475,003
Interest Expense	(3,660,719)
<b>Net Nonoperating Expenses</b>	<b>(3,185,716)</b>
<b>Decrease in Net Position</b>	<b>(258,886)</b>
Net Position, Beginning of Year	(535,503)
<b>Net Position, End of Year</b>	<b>\$ (794,389)</b>

**Condensed Statement of Cash Flows**

	<b>Housing Facility</b>
Net Cash Provided (Used) by:	
Operating Activities	\$ 603,700
Noncapital Financing Activities	(2,287,479)
Capital and Related Financing Activities	(9,016,467)
Investing Activities	12,469,370
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,769,124</b>
Cash and Cash Equivalents, Beginning of Year	820,423
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,589,547</b>

**17. Current Unrestricted Funds**

The Higher Learning Commission, which sets accreditation standards for higher education institutions, requires disclosure of the financial position of unrestricted net position, excluding plant assets and related debt, reflecting changes in unrestricted net position. Additionally, the Accreditation Board of Engineering and Technology is currently reviewing three academic programs. To fulfill this requirement, statements of net position and of revenues, expenses, and changes in net position for the current unrestricted funds are provided as follows:

## Statement of Current Unrestricted Funds Net Position

### ASSETS

#### Current Assets:

Accounts Receivable, Net	\$ 199,729
Lease Receivable	2,720,945
Investments	54,748,151
Inventory	12,309
Prepaid Assets	2,172,005

**TOTAL ASSETS** 59,853,139

### DEFERRED OUTFLOWS OF RESOURCES

Other Postemployment Benefits	4,793,090
Pensions	7,612,732

**TOTAL DEFERRED OUTFLOWS OF RESOURCES** 12,405,822

### LIABILITIES

#### Current Liabilities:

Accounts Payable	1,528,666
Due to Other Government Agency	541
Salary and Wages Payable	1,554,726
Temporary Cash Overdraft	338,214
Deposits Payable	122,050
Unearned Revenue	380,236
Compensated Absences Payable	209,231
Other Postemployment Benefits Payable	260,842
Net Pension Liability	17,522

**Total Current Liabilities** 4,412,028

#### Noncurrent Liabilities:

Compensated Absences Payable	1,883,082
Other Postemployment Benefits Payable	9,123,760
Net Pension Liability	17,240,175

**TOTAL LIABILITIES** 32,659,045

### DEFERRED INFLOWS OF RESOURCES

Other Postemployment Benefits	3,573,898
Pensions	1,964,983
Leases	2,720,945

**TOTAL DEFERRED INFLOWS OF RESOURCES** 8,259,826

**TOTAL NET POSITION** \$ 31,340,090

**Statement of Current Unrestricted Funds Revenues,  
Expenses, and Changes in Net Position**

**REVENUES**

Operating Revenues:

Student Tuition and Fees, Net of Scholarship	
Allowances of \$5,755,600	\$ 4,346,232
Sales and Services of Auxiliary Enterprises	13,710,221
Interest on Lease Receivable	60,406
Other Operating Revenues	4,449

<b>Total Operating Revenues</b>	<b>18,121,308</b>
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**EXPENSES**

Operating Expenses:

Compensation and Employee Benefits	41,978,953
Services and Supplies	15,982,762
Utilities	1,516,249
Scholarships and Waivers	13,937,202

<b>Total Operating Expenses</b>	<b>73,415,166</b>
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<b>Operating Loss</b>	<b>(55,293,858)</b>
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**NONOPERATING REVENUES (EXPENSES)**

State Noncapital Appropriations	48,393,888
Federal and State Student Financial Aid	13,891,120
Investment Income	1,837,104
Unrealized Gain on Investment	173,253
Other Nonoperating Revenues	2,995
Other Nonoperating Expenses	(141,435)

<b>Net Nonoperating Revenues</b>	<b>64,156,925</b>
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<b>Increase in Net Position</b>	<b>8,863,067</b>
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Transfers to Other Funds	(11,428,244)
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Net Position, Beginning of Year	33,905,267
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<b>Net Position, End of Year</b>	<b>\$ 31,340,090</b>
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## **OTHER REQUIRED SUPPLEMENTARY INFORMATION**

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

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
University's proportion of the total other postemployment benefits liability	0.09%	0.08%	0.07%	0.08%
University's proportionate share of the total other postemployment benefits liability	\$ 9,384,602	\$ 6,551,721	\$ 5,801,071	\$ 8,085,649
University's covered-employee payroll	\$ 22,929,207	\$ 19,575,472	\$ 17,807,624	\$ 17,320,547
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	40.93%	33.47%	32.58%	46.68%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
University's proportion of the total other postemployment benefits liability	0.07%	0.07%	0.04%	0.04%
University's proportionate share of the total other postemployment benefits liability	\$ 7,545,998	\$ 8,881,876	\$ 4,221,000	\$ 4,483,000
University's covered-employee payroll	\$ 18,132,610	\$ 17,932,326	\$ 16,978,875	\$ 15,360,481
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	41.62%	49.53%	24.86%	29.19%

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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>
University's proportion of the FRS net pension liability	0.031597726%	0.027140782%	0.028115752%	0.027189017%
University's proportionate share of the FRS net pension liability	\$ 12,223,486	\$ 10,814,743	\$ 10,461,319	\$ 2,053,821
University's covered payroll (2)	\$ 22,929,207	\$ 19,575,472	\$ 17,807,624	\$ 17,320,547
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	53.31%	55.25%	58.75%	11.86%
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	\$ 2,248,624	\$ 1,789,263	\$ 1,305,646	\$ 1,199,750
FRS contributions in relation to the contractually required contribution	<u>(2,248,624)</u>	<u>(1,789,263)</u>	<u>(1,305,646)</u>	<u>(1,199,750)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 28,769,593	\$ 22,929,207	\$ 19,575,472	\$ 17,807,624
FRS contributions as a percentage of covered payroll	7.82%	7.80%	6.67%	6.74%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, 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>
0.029058639%	0.030893631%	0.030207815%	0.028494244%	0.022832875%	0.019998331%
\$ 12,594,441	\$ 10,639,336	\$ 9,095,857	\$ 8,428,407	\$ 5,765,319	\$ 2,583,054
\$ 18,132,610	\$ 17,932,326	\$ 16,978,875	\$ 15,360,481	\$ 11,660,838	\$ 8,912,958
69.46%	59.33%	53.57%	54.87%	49.44%	28.98%
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>
\$ 1,035,784	\$ 968,383	\$ 957,925	\$ 860,898	\$ 741,775	\$ 563,074
(1,035,784)	(968,383)	(957,925)	(860,898)	(741,775)	(563,074)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 17,320,547	\$ 18,132,610	\$ 17,932,326	\$ 16,978,875	\$ 15,360,481	\$ 11,660,838
5.98%	5.34%	5.34%	5.07%	4.83%	4.83%

**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	0.033559220%	0.029488247%	0.028346304%	0.028599415%
University's proportionate share of the HIS net pension liability	\$ 5,034,211	\$ 4,683,127	\$ 3,002,326	\$ 3,508,148
University's covered payroll (2)	\$ 14,791,609	\$ 11,607,951	\$ 10,214,273	\$ 10,127,595
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	34.03%	40.34%	29.39%	34.64%
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	\$ 378,952	\$ 284,122	\$ 193,979	\$ 171,519
HIS contributions in relation to the contractually required HIS contribution	<u>(378,952)</u>	<u>(284,122)</u>	<u>(193,979)</u>	<u>(171,519)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 18,255,325	\$ 14,791,609	\$ 11,607,951	\$ 10,214,273
HIS contributions as a percentage of covered payroll	2.08%	1.92%	1.67%	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>
0.030758026%	0.031324207%	0.031518639%	0.024197096%	0.024197096%	0.018486835%
\$ 3,755,505	\$ 3,504,865	\$ 3,335,958	\$ 3,241,124	\$ 2,802,072	\$ 1,885,366
\$ 10,317,930	\$ 10,262,946	\$ 9,805,704	\$ 9,232,755	\$ 7,298,830	\$ 5,391,296
36.40%	34.15%	34.02%	35.10%	38.64%	34.97%
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>
\$ 168,108	\$ 177,244	\$ 173,940	\$ 170,926	\$ 160,241	\$ 121,161
(168,108)	(177,244)	(173,940)	(170,926)	(160,241)	(121,161)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 10,127,595	\$ 10,317,930	\$ 10,262,946	\$ 9,805,704	\$ 9,232,755	\$ 7,298,830
1.66%	1.72%	1.69%	1.74%	1.74%	1.66%

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

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

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

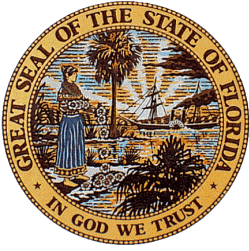
*Changes of Assumptions.* The discount rate increased from 4.13 percent to 4.21 percent. The health care costs and premiums, and health care cost trend rates were updated based on Plan experience. In addition, the claims aging rates and the DROP participation period assumption were also updated.

**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.



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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



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

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

## **INDEPENDENT AUDITOR'S REPORT 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 Florida Polytechnic University, a component unit of the State of Florida, and its discretely presented component unit 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 12, 2026, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, 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 12, 2026