FAMU

FLORIDA
AGRICULTURAL AND
MECHANICAL
UNIVERSITY

ANNUAL FINANCIAL REPORT 2024-2025

FAMU FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY

ANNUAL FINANCIAL REPORT 2024-2025

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MESSAGE FROM THE PRESIDENT

It is my pleasure to present Florida A&M University's Annual Financial Report for the fiscal year ended June 30, 2025. Florida A&M University continues to build upon its proud legacy of academic excellence, innovation, and service while preparing the institution for its next chapter of growth. As one of the nation's premier public Historically Black Colleges and Universities, Florida A&M University remains committed to providing exceptional educational opportunities, advancing impactful research, and creating pathways for economic mobility for our students and communities.

Today, Florida A&M University is recognized among the nation's leading public universities and continues to earn national recognition for student success, social mobility, research, and value. The University has been recognized among the nation's Top 100 public universities and continues to distinguish itself through outstanding outcomes for student achievement, affordability, and upward economic mobility. These accomplishments reflect the dedication of our faculty, staff, students, alumni, and supporters who continue to elevate the University's reputation and impact.

The fiscal year presented in this report concluded prior to the beginning of my administration. Since assuming office, my leadership team and I have made financial stewardship, operational excellence, accountability, and institutional integrity among our highest priorities. Working closely with our Board of Trustees, the Florida Board of Governors, and dedicated University employees, we have undertaken significant efforts to strengthen our financial management infrastructure and position the University for long-term success. Among these efforts, we have:

- Enhanced our financial reporting capacity through the appointment of a permanent University Controller and strengthened the Controller's Office with additional experienced accounting professionals.
- Initiated the recruitment of a permanent Chief Financial Officer to provide long-term financial leadership.
- Continued implementation planning for the University's Workday Enterprise Resource Planning system, which will modernize financial operations and strengthen internal controls.
- Established enhanced governance, oversight, and quality review processes designed to improve the accuracy, reliability, and transparency of financial reporting.

While this report includes a material weakness related to the fiscal year under audit, I am confident that the actions already underway position the University to significantly strengthen its financial reporting environment. Our objective is straightforward: to produce timely, accurate, transparent financial reporting supported by a sustainable system of internal controls that reflects the excellence expected of Florida A&M University.

I want to express my sincere appreciation to the Office of the Auditor General, Auditor General Sherrill Norman, CPA, and the audit team for their professionalism, collaboration, and commitment throughout this engagement. Their recommendations have been valuable in helping the University strengthen its financial operations and reinforce our culture of continuous improvement.

We remain committed to restoring confidence through measurable results. As we prepare the financial statements for the fiscal year ending June 30, 2026, our goal is not simply compliance—it is operational excellence. We are focused on establishing a financial management framework capable of supporting an unmodified audit opinion with no audit findings or compliance issues in future audit cycles while ensuring the responsible stewardship of the public resources entrusted to us.

Florida A&M University's future is exceptionally bright. Together, we will continue building an institution distinguished by academic excellence, sound financial management, integrity, innovation, and an unwavering commitment to student success.

Marva B. Johnson

Marva B. Johnson, J.D.
President

FLORIDA A&M UNIVERSITY AT A GLANCE

EXCELLENCE. OPPORTUNITY. IMPACT.

Founded in 1887, Florida Agricultural and Mechanical University (FAMU) is Florida's only public Historically Black College and University and one of the nation's premier land-grant institutions. For more than 135 years, FAMU has prepared students for lives of leadership, service, and innovation while advancing research, economic development, and public service throughout Florida and beyond.

Today, FAMU continues to distinguish itself through academic excellence, student success, groundbreaking research, and a steadfast commitment to expanding opportunity. The University remains focused on preparing graduates who positively impact their professions, communities, and the State of Florida.

BUILDING THE FOUNDATION FOR FINANCIAL EXCELLENCE

STRENGTHENING FINANCIAL STEWARDSHIP

The financial statements presented in this report reflect the University's financial position for the fiscal year ended June 30, 2025. Since that time, University leadership has initiated significant actions to strengthen financial governance, improve internal controls, modernize financial operations, and enhance institutional accountability. These efforts reflect a long-term commitment to responsible stewardship of public resources and continuous improvement.

LEADERSHIP

- Appointed a permanent University Controller
- Initiated recruitment of a permanent Chief Financial Officer
- Enhanced executive oversight of financial reporting
- Strengthened engagement with the Board of Trustees and Florida Board of Governors

TECHNOLOGY

- Implementation of the Workday ERP system
- Redesign of financial workflows
- Automation of approval processes
- Enhanced segregation of duties
- Improved financial reporting capabilities

PEOPLE

- Expanded accounting capacity within the Controller's Office
- Additional staff augmentation and advisory support as needed
- Recruitment of additional accounting professionals
- Expanded technical accounting training

GOVERNANCE

- Continuous monitoring of financial reporting
- Independent audit follow-up
- Strengthened internal control framework
- Executive oversight of corrective actions

PROCESSES

- Enhanced Annual Financial Report preparation procedures
- Formal journal entry review and approval process
- Standardized reconciliation procedures
- Multi-level quality assurance reviews
- Implementation of ICOFA best practices

FY2026 PRIORITIES

- Produce timely, accurate financial statements
- Successfully implement Workday financial operations
- Complete recruitment of a permanent Chief Financial Officer
- Strengthen internal controls and financial reporting processes
- Support an efficient and transparent annual audit process
- Achieve sustainable operational excellence in financial management

LOOKING AHEAD

Florida A&M University is committed to building a financial management environment characterized by integrity, transparency, accountability, and operational excellence. Through strengthened leadership, investments in people and technology, enhanced governance, and disciplined execution, the University is establishing a sustainable financial framework designed to support long-term institutional success. These initiatives are intended not only to address current audit recommendations but also to position the University for continued improvement.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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Tallahassee, Florida 32399-1450

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

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

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2. to the financial statements, the University adjusted beginning net position to correct certain previously reported capital asset, accounts payable, and deposits payable agency funds balance errors, and to adopt new accounting guidance Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, which is a change in accounting principle that addresses recognition and measurement guidance for compensated absences. This affects the comparability of amounts reported for the 2024-25 fiscal year with amounts reported for the 2023-24 fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in this report. The other information comprises the Message from the President, Florida A&M University at a Glance, and Building the Foundation for Financial Excellence, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2026, on our consideration of the Florida Agricultural and Mechanical 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 Agricultural and Mechanical University's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
August 7, 2026
Audit Report No. 2027-013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

The University's assets and deferred outflows of resources totaled $1 billion at June 30, 2025. This balance reflects a $108.3 million, or 11.9 percent, increase as compared to the 2023-24 fiscal year, resulting from increased investment in capital assets and the construction of a 700-bed housing structure. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources increased by $97.7 million, or 39.8 percent, totaling $343.2 million at June 30, 2025, primarily due to additional long-term debt from capital financing activities related to the construction of a 700-bed housing structure. As a result, the University's net position increased by $10.6 million, resulting in a year-end balance of $675.3 million.

The University's operating revenues totaled $160.9 million for the 2024-25 fiscal year, representing a 10.5 percent decrease compared to the 2023-24 fiscal year due mainly to a reduction in student tuition and fee revenue. Operating expenses totaled $366.4 million for the 2024-25 fiscal year, representing a decrease of 5 percent as compared to the 2023-24 fiscal year due primarily to reductions in compensation and benefits, and scholarships, fellowships, and waivers expenses.

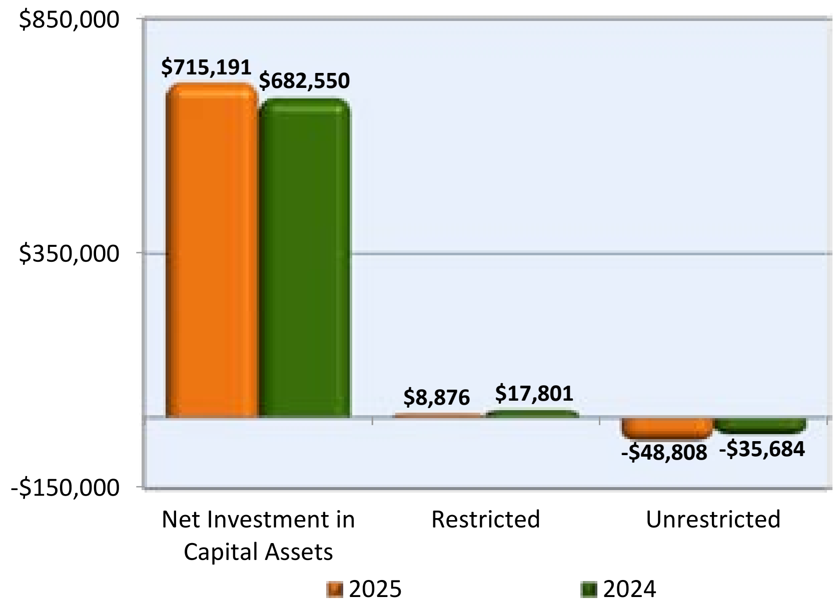
Accounting Changes and Error Corrections

During the 2024-25 fiscal year, the University recorded adjustments to beginning net position totaling $50.9 million to recognize the correction of errors noted in accounts payable, capital assets, deposits payable, operating expenses and for the retroactive impact of the implementation of GASB Statement No. 101, Compensated Absences. See Note 2. of the financial statements for additional information.

Consequently, certain prior fiscal year amounts presented in this MD&A have been restated to ensure comparability. Condensed financial information for the 2023-24 fiscal year assets and liabilities has been restated. Conversely, condensed financial information for the 2023-24 fiscal year revenues and expenses have not been restated, as the effect of the beginning net position adjustments on these balances versus the opening net position at July 1, 2023, has not been determined.

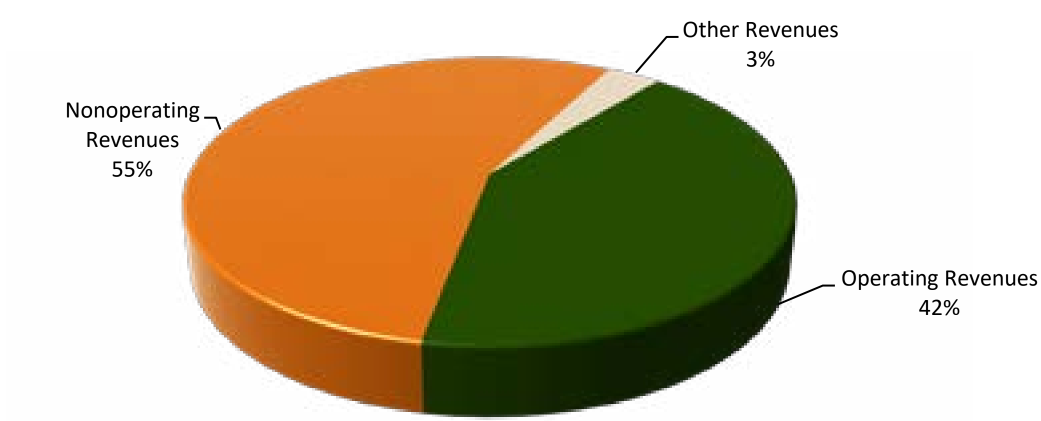
Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2025, and June 30, 2024, is shown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

Total Revenues
2024-25 Fiscal Year



OVERVIEW OF FINANCIAL STATEMENTS

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

Rattler Boosters, Inc. (Boosters). Based on the application of the criteria for determining component units, the Foundation, Alumni Association, and Boosters are included within the University reporting entity as discretely presented component units.

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

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2025	2024 (1)
Assets		
Current Assets	$ 150,308	$ 162,093
Capital Assets, Net	801,223	707,485
Other Noncurrent Assets	17,711	366
Total Assets	969,242	869,944
Deferred Outflows of Resources	49,258	40,237
Liabilities		
Current Liabilities	43,526	14,152
Noncurrent Liabilities	258,634	191,300
Total Liabilities	302,160	205,452
Deferred Inflows of Resources	41,081	40,062
Net Position		
Net Investment in Capital Assets	715,191	682,550
Restricted	8,876	17,801
Unrestricted	(48,808)	(35,684)
Total Net Position	$ 675,259	$ 664,667

(1) See information regarding "Accounting Changes and Error Corrections" in the Financial Highlights section of the MD&A.

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

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

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

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

(In Thousands)

	2024-25	2023-24
Operating Revenues	$ 160,885	$ 179,694
Less, Operating Expenses	366,409	385,874
Operating Loss	(205,524)	(206,180)
Net Nonoperating Revenues	203,186	162,567
Loss Before Other Revenues	(2,338)	(43,613)
Other Revenues	12,930	24,703
Net Increase (Decrease) In Net Position	10,592	(18,910)
Net Position, Beginning of Year	664,667	632,638
Adjustments to Beginning Net Position (1)	-	50,939
Net Position, Beginning of Year, as Restated	664,667	683,577
Net Position, End of Year	$ 675,259	$ 664,667

(1) See information regarding "Accounting Changes and Error Corrections" in the Financial Highlights section of the MD&A.

Operating Revenues

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

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

Operating Revenues
For the Fiscal Years

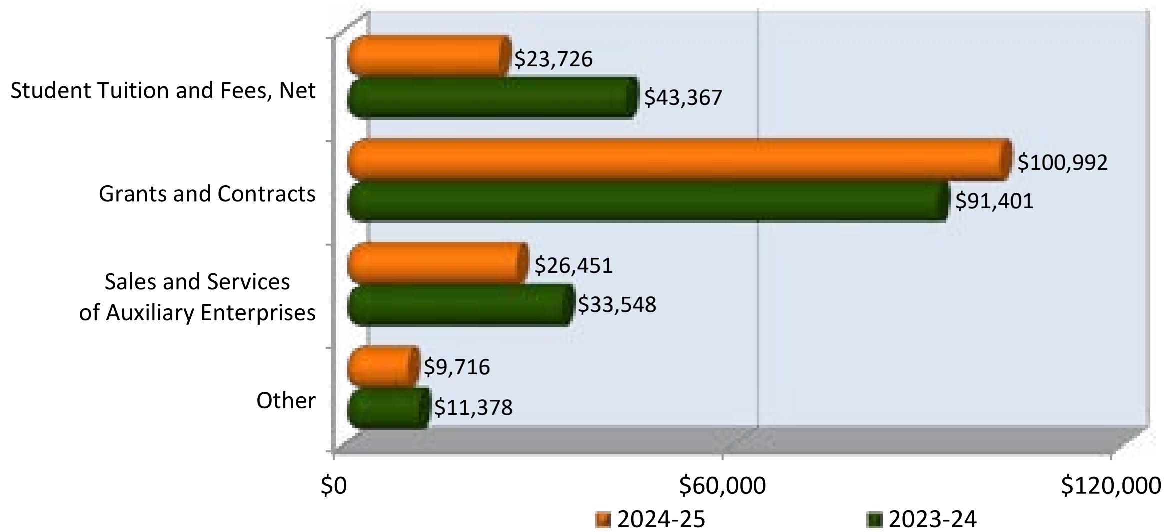
(In Thousands)

	2024-25	2023-24
Student Tuition and Fees, Net	$ 23,726	$ 43,367
Grants and Contracts	100,992	91,401
Sales and Services of Auxiliary Enterprises	26,451	33,548
Other	9,716	11,378
Total Operating Revenues	$ 160,885	$ 179,694

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

Operating Revenues

(In Thousands)



Student tuition and fees, net decreased by $19.6 million, or 45.3 percent, mainly due to a decrease in collections and the implementation of a new methodology for the calculation of scholarship allowances.

Operating Expenses

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

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

Operating Expenses
For the Fiscal Years

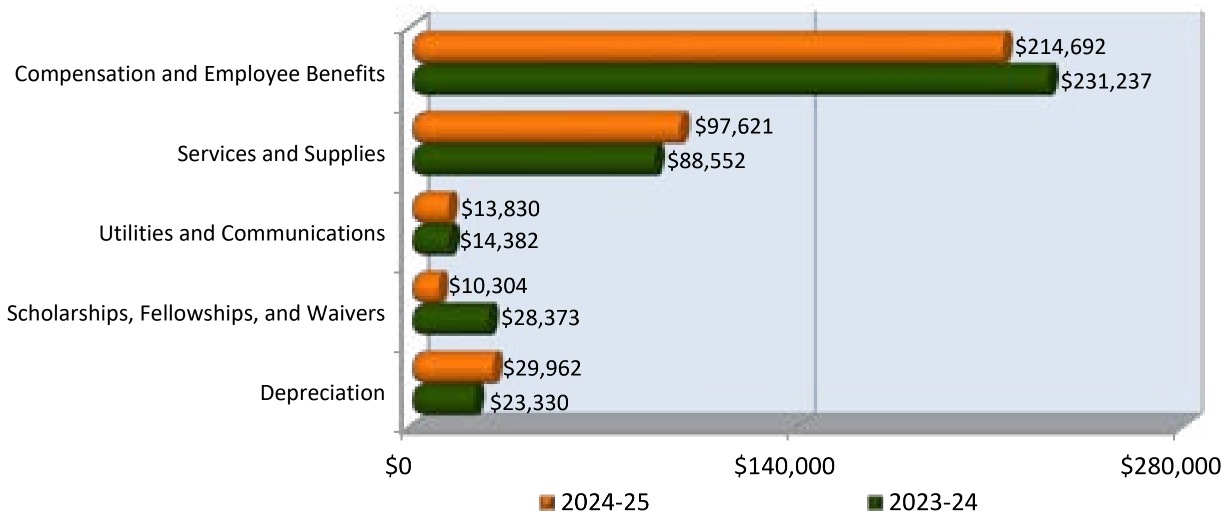
(In Thousands)

	2024-25	2023-24
Compensation and Employee Benefits	$ 214,692	$231,237
Services and Supplies	97,621	88,552
Utilities and Communications	13,830	14,382
Scholarships, Fellowships, and Waivers	10,304	28,373
Depreciation	29,962	23,330
Total Operating Expenses	$ 366,409	$385,874

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

Operating Expenses

(In Thousands)



Total operating expenses decreased by $19.5 million, or 5 percent, as compared to the 2023-24 fiscal year primarily due to the following factors:

Compensation and employee benefits decreased by $16.5 million, or 7.2 percent, primarily due to a decrease in the University's proportional share of the State's net pension expense.

Scholarships, fellowships, and waivers decreased by $18.1 million, or 63.7 percent, mainly due to the implementation of a new methodology for calculating scholarship allowances.

The decreases were offset by increases in service and supplies, and depreciation expenses.

Nonoperating Revenues and Expenses

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

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2024-25	2023-24
State Noncapital Appropriations	$156,549	$126,583
Federal and State Student Financial Aid	43,619	33,108
Gifts and Grants	5,796	6,486
Investment Income	2,962	1,839
Other Nonoperating Revenues	1,152	628
Unrealized Gain on Investments	547	1,934
Loss on Disposal of Capital Assets	(6,653)	(2,255)
Interest on Capital Asset-Related Debt	(786)	(685)
Other Nonoperating Expenses	-	(5,071)
Net Nonoperating Revenues	$203,186	$162,567

Net nonoperating revenues increased by $40.6 million, or 25 percent, primarily due to increases in State noncapital appropriations of $30 million in both recurring and non-recurring appropriations including new recurring appropriations to support operations.

Other Revenues

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

Other Revenues
For the Fiscal Years

(In Thousands)

	2024-25	2023-24
State Capital Appropriations	$ 12,108	$ 24,697
Capital Grants, Contracts, Donations, and Fees	822	6
Total	$ 12,930	$ 24,703

Other revenues decreased by $11.8 million, or 47.7 percent, primarily due to a decline in legislative State capital appropriations.

The Statement of Cash Flows

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

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

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2024-25	2023-24
Cash Provided (Used) by:		
Operating Activities	$ (173,815)	$ (163,399)
Noncapital Financing Activities	233,601	161,870
Capital and Related Financing Activities	(30,560)	(30,987)
Investing Activities	(38,134)	1,839
Net Decrease in Cash and Cash Equivalents	(8,908)	(30,677)
Cash and Cash Equivalents, Beginning of Year	22,844	53,521
Cash and Cash Equivalents, End of Year	$ 13,936	$ 22,844

Major sources of funds came from State noncapital appropriations ($156.5 million), State capital appropriations ($42.3 million), Federal Direct Loan program receipts ($97.2 million), grants and contracts ($123.1 million), sales and maturities of investments ($89.6 million), capital debt and leases ($50.2 million), Federal and State student financial aid ($43.6 million), net student tuition and fees ($21.1 million), and sales and services of auxiliary enterprises ($26.1 million). Major uses of funds were for payments to employees totaling $217.5 million; purchases of investments totaling $130.7 million; purchase or construction of capital assets totaling $118.9 million; payments to suppliers for goods and services totaling $119.5 million; disbursements to students for the Federal Direct Loan program totaling $70.7 million, and payments to students for scholarships and fellowships totaling $10.3 million.

Capital Assets, Capital Expenses and Commitments, and Debt Administration

Capital Assets

At June 30, 2025, the University had $1.2 billion in capital assets, less accumulated depreciation of $413.7 million, for net capital assets of $801.2 million. Depreciation charges for the current fiscal year totaled $30 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2025	2024
Land	$ 25,369	$ 25,369
Works of Art and Historical Treasures	1,251	1,133
Construction in Progress	150,897	58,176
Buildings	506,181	513,426
Infrastructure and Other Improvements	68,055	73,176
Furniture and Equipment	32,195	30,152
Library Resources	4,559	4,997
Lease Assets	601	327
Subscription-Based Information Technology Arrangements	11,992	727
Computer Software	123	2
Capital Assets, Net	$ 801,223	$707,485

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2025, were incurred on the following projects: Student Housing, Maintenance and Renovation projects, and Campus Infrastructure. The University's construction commitments at June 30, 2025, are as follows:

	Amount (In Thousands)
Total Committed	$ 245,617
Completed to Date	150,897
Balance Committed	$ 94,720

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

Debt Administration

As of June 30, 2025, the University had $78.4 million in outstanding long-term debt, representing an increase of $63.2 million, or 416 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	2025	2024
Capital Improvement Debt Payable	$ 55,249	$ 2,449
Leases Payable	552	275
Subscription Arrangements Liability	12,137	565
Other Noncurrent Liabilities	10,426	11,898
Total	$ 78,364	$ 15,187

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

Economic Factors That Will Affect the Future

Florida Agricultural and Mechanical University's (FAMU) financial stability is closely tied to the overall health of the State of Florida's economy, as well as the University's proactive approach to resource management and fiscal planning. As a public institution, FAMU must continually adapt to changes in State appropriations, legislative policy, and shifting budget priorities – all of which have a direct impact on its operations and ability to fulfill its mission.

For the 2025-26 fiscal year, the University's total State appropriated budget authority increased to $230.7 million, reflecting a combination of general revenue, educational enhancement (lottery), and targeted allocations for risk management, student aid, and strategic academic initiatives. Among the most notable funding changes for this period, FAMU received $15 million in non-recurring operational support, which provides a substantial boost for immediate institutional needs but is not expected to continue in future years. In addition, the University secured $1.3 million in recurring State funding to support the Nursing Education-PIPELINE program – reinforcing FAMU's role in addressing critical workforce needs in all nursing careers – and $975,000 in non-recurring funds to advance agricultural research in emerging crops.

Performance-based funding continues to be a significant factor in FAMU's budget environment. For the 2025-26 fiscal year, more than $12.8 million was awarded through the State's performance funding model, underscoring the University's ongoing commitment to meeting key metrics and driving institutional improvements. The University's financial management also benefited from strategic shifts between general revenue and lottery funds, further supporting operational stability.

While State appropriations remain a foundational source of support, FAMU is intensifying its efforts to diversify revenue streams. The University has made meaningful progress in attracting grants, contracts, and private gifts, all of which are vital to maintaining academic quality and expanding student access. Despite these efforts, enrollment trends have presented challenges; a modest decrease in student numbers this fiscal year led to a slight decline in tuition and fee revenue. FAMU remains focused on comprehensive recruitment and retention strategies, as well as enhanced academic advising, to support student success and foster long-term enrollment growth.

Looking ahead, FAMU's leadership is dedicated to responsible fiscal stewardship and innovative budgeting practices. The University is actively seeking additional funding opportunities and continues to evaluate expenditures to ensure alignment with institutional priorities. These actions are essential as FAMU pursues its long-term strategic goals, including attaining Carnegie R1 research status, strengthening its reputation among leading public universities, and advancing social mobility for its student population.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Shajuana Jenkins, Associate Vice President and Controller, Florida Agricultural and Mechanical University, 1601 South Martin Luther King Jr. Blvd., Tallahassee, Florida 32307.

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2025

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 13,935,470	$ 16,719,614
Investments	87,412,929	5,646,854
Accounts Receivable, Net	28,800,515	1,680,635
Due from State	18,815,042	-
Inventories	1,343,647	-
Other Current Assets	-	718,460
Total Current Assets	150,307,603	24,765,563
Noncurrent Assets:		
Restricted Investments	17,599,390	204,786,885
Loans and Notes Receivable, Net	111,182	-
Depreciable Capital Assets, Net	623,773,714	503,366
Nondepreciable Capital Assets	177,449,826	27,000
Other Noncurrent Assets	-	1,136,363
Total Noncurrent Assets	818,934,112	206,453,614
Total Assets	969,241,715	231,219,177
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	18,171,735	-
Pensions	31,086,789	-
Total Deferred Outflows of Resources	49,258,524	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	13,859,525	833,823
Construction Contracts Payable	7,667,835	-
Salary and Wages Payable	3,175,982	448,672
Deposits Payable	1,334,977	-
Unearned Revenue	8,377,855	-
Other Current Liabilities	1,853,551	3,029,575
Long-Term Liabilities - Current Portion:		
Leases Payable	269,524	2,490
Subscription Arrangements Liability	1,764,098	194,645
Compensated Absences Payable	1,993,534	-
Other Postemployment Benefits Payable	1,600,309	-
Net Pension Liability	106,225	-
Other Noncurrent Liabilities	1,522,254	-
Total Current Liabilities	43,525,669	4,509,205

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	55,249,283	-
Leases Payable	282,574	3,469
Subscription Arrangements Liability	10,373,180	133,775
Compensated Absences Payable	25,849,118	-
Other Postemployment Benefits Payable	55,975,910	-
Net Pension Liability	101,999,750	-
Other Noncurrent Liability	8,903,866	4,687
Total Noncurrent Liabilities	258,633,681	141,931
Total Liabilities	302,159,350	4,651,136
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	29,035,941	-
Pensions	12,045,506	-
Total Deferred Inflows of Resources	41,081,447	-
NET POSITION		
Net Investment in Capital Assets	715,190,926	142,367
Restricted for Nonexpendable:		
Endowment	-	109,928,039
Restricted for Expendable:		
Capital Projects	8,876,298	-
Other	-	111,665,544
Unrestricted	(48,807,782)	4,832,091
TOTAL NET POSITION	$ 675,259,442	$ 226,568,041

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

FLORIDA AGRICULTURAL AND MECHANICAL 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

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $57,351,050	$ 23,725,618	$ -
Federal Grants and Contracts	81,001,912	-
State and Local Grants and Contracts	16,653,053	-
Nongovernmental Grants and Contracts	3,337,347	-
Sales and Services of Auxiliary Enterprises (Pledged for Capital Improvement Debt: $13,893,817 Pledged for Housing)	26,451,407	-
Other Operating Revenues	9,715,854	36,704,277
Total Operating Revenues	160,885,191	36,704,277
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	214,691,804	4,666,752
Services and Supplies	97,620,783	9,999,408
Utilities and Communications	13,829,928	64,946
Scholarships, Fellowships, and Waivers	10,304,233	7,887,126
Depreciation	29,962,536	182,898
Total Operating Expenses	366,409,284	22,801,130
Operating Income (Loss)	(205,524,093)	13,903,147
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	156,548,550	-
Federal and State Student Financial Aid	43,619,031	-
Noncapital Grants, Contracts, and Gifts	5,795,572	-
Investment Income	2,962,192	-
Other Nonoperating Revenues	1,152,298	726,603
Unrealized Gains on Investments	546,978	-
Loss on Disposal of Capital Assets	(6,652,799)	-
Interest on Capital Asset-Related Debt	(785,981)	(24,437)
Other Nonoperating Expenses	-	(623,769)
Net Nonoperating Revenues	203,185,841	78,397
Income (Loss) Before Other Revenues	(2,338,252)	13,981,544
State Capital Appropriations	12,108,076	-
Additions to Permanent Endowments	-	2,781,637
Capital Grants, Contracts, Donations, and Fees	822,365	-
Total Other Revenues	12,930,441	2,781,637
Increase in Net Position	10,592,189	16,763,181
Net Position, Beginning of Year	613,728,198	209,804,860
Adjustment to Beginning Net Position	50,939,055	-
Net Position, Beginning of Year, as Restated	664,667,253	209,804,860
Net Position, End of Year	$ 675,259,442	$ 226,568,041

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

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2025

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 21,117,870
Grants and Contracts	123,101,788
Sales and Services of Auxiliary Enterprises	26,106,251
Payments to Employees	(217,473,497)
Payments to Suppliers for Goods and Services	(119,471,950)
Payments to Students for Scholarships and Fellowships	(10,304,233)
Collection on Loans to Students	133,015
Other Operating Receipts	2,975,554
Net Cash Used by Operating Activities	(173,815,202)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	156,548,550
Federal and State Student Financial Aid	43,619,031
Noncapital Grants, Contracts, and Gifts	5,795,572
Federal Direct Loan Program Receipts	97,151,398
Federal Direct Loan Program Disbursements	(70,665,992)
Other Nonoperating Receipts	1,152,298
Net Cash Provided by Noncapital Financing Activities	233,600,857
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt and Leases	50,160,033
State Capital Appropriations	42,333,235
Capital Grants, Contracts, Donations and Fees	822,365
Proceeds from Sale of Capital Assets	35,492
Purchase or Construction of Capital Assets	(118,908,253)
Principal Paid on Capital Debt and Leases	(4,217,212)
Interest Paid on Capital Debt and Leases	(785,981)
Net Cash Used by Capital and Related Financing Activities	(30,560,321)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	89,588,238
Purchases of Investments	(130,684,180)
Investment Income	2,962,192
Net Cash Used by Investing Activities	(38,133,750)
Net Decrease in Cash and Cash Equivalents	(8,908,416)
Cash and Cash Equivalents, Beginning of Year	22,843,886
Cash and Cash Equivalents, End of Year	$ 13,935,470

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (205,524,093)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	29,962,536
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	19,154,754
Loans and Notes Receivable, Net	133,015
Inventories	110,520
Other Assets	1,818
Accounts Payable	(5,750,366)
Salaries and Wages Payable	(1,162,060)
Deposits Payable	(2,381,393)
Compensated Absences Payable	2,237,316
Unearned Revenue	(6,740,300)
Other Postemployment Benefits Payable	9,798,156
Net Pension Liability	(5,653,494)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(6,949,292)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(4,423,835)
Deferred Outflows of Resources Related to Pensions	(2,072,255)
Deferred Inflows of Resources Related to Pensions	5,443,771
NET CASH USED BY OPERATING ACTIVITIES	$ (173,815,202)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
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.	$ 546,978
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (6,652,799)

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

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

- Florida Agricultural and Mechanical University Foundation, Inc. (Foundation) is authorized to obtain private support to meet the critical needs of the University that are not met by public funds and assist the University in maintaining its "margin of excellence".
- Florida Agricultural and Mechanical University National Alumni Association, Inc. (Alumni Association) provides funds to foster scholarships and enhance the image of the University through positive public relations and public service.
- FAMU Rattler Boosters, Inc. (Boosters) provides contributions to the University to stimulate the education, health, and physical welfare of the students.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. Additional information on the University's component units, including copies of audit reports, is available by contacting the University Public Relations or, for the Booster Club, by contacting the Athletic Director. Audited financial statements can be obtained from the Vice President for Financial Services, Florida Agricultural and Mechanical University, 1601 South Martin Luther King Jr. Blvd., Tallahassee, Florida 32307. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

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

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

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

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

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third party making payment on behalf of the student. The University applied the "Direct Method C" as prescribed in NACUBO Advisory Report 2023-01 to determine the reported net tuition scholarship allowances. Under this method, the University summarizes the allowance amounts based on student aid, excluding loans, related to student tuition and fees and sales and services of auxiliary enterprises, primarily room and board services. Excess payments to student accounts, which are refunded to students for use in defraying off-campus expenses, are assumed to be related to student loans, which does not affect allowances or student financial aid expenses.

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

Capital Assets. University capital assets consist of land, works of art and historical treasures, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, lease assets, subscription-based information technology arrangements, and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of $5,000 for tangible personal property, $100,000 for new buildings and improvements, and $200,000 for intangible assets. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 3 to 20 years
- Library Resources – 10 years
- Lease Assets – 1 to 15 years
- Subscription-Based Information Technology Arrangements – 1 to 10 years
- Computer Software – 3 to 7 years

Leases. The University determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and liabilities in the statement of net position. Lease assets represent the University's control of the right to use an underlying asset for the lease term, as specified in the contract.

Noncurrent Liabilities. Noncurrent liabilities include capital improvement debt payable, leases payable, subscription arrangements liabilities, compensated absences payable, other postemployment benefits payable, net pension liabilities, and other noncurrent liabilities that are not scheduled to be paid within the next fiscal year.

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

2. Accounting Changes and Error Corrections

Change in Accounting Principle. The University implemented GASB Statement No. 101, *Compensated Absences*, whose objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective was achieved by aligning the recognition and measurement guidance under a unified model and by amending previously required note disclosures. Due to the implementation on July 1, 2024, the beginning balance of the compensated absences liability was increased by $755,065, which resulted in a decrease to the beginning net position by the same amount as shown in the table below.

Correction of Errors in Previously Issued Financial Statements. During the 2024-25 fiscal year, the University determined that capital outlay expenses related to construction in progress assets were not capitalized in prior fiscal years, that agency funds' fund balance were not closed out to deposits payable in prior fiscal years, and that accounts payable and related operating expenses related to payroll vendor invoices in prior fiscal years were overstated. Therefore, capital assets, net of depreciation, were understated by $9.6 million, deposits payables were overstated $30.2 million, and accounts payable was overstated by $11.9 million for the 2023-24 fiscal year. The effect of correcting those errors is shown in the table below.

Description		University
Net Position, Beginning of Year, as previously reported	$	613,728,198
Change in accounting principle (GASB Statement No. 101)		(755,065)
Error correction - Capital Assets, Net of Depreciation		9,612,283
Error correction - Deposits Payable		30,174,332
Error correction - Accounts Payable		11,907,505
Net Position, Beginning of Year, as Restated	$	664,667,253

3. Deficit Net Position in Individual Funds

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

Fund		Net Position
Current Funds - Unrestricted	$	(96,310,923)
Auxiliary Funds		47,503,141
Total	$	(48,807,782)

4. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The Board of Trustees has not adopted a written investment policy. As such, pursuant to Section 218.415(17), 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; and direct obligations of the United States Treasury.

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:

Investments by fair value level	Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	$ 102,249,768	$ -	$ -	$ 102,249,768
Historically Black Colleges and Universities				
Debt Service Accounts	2,762,551	2,762,551	-	-
Total investments by fair value level	$ 105,012,319	$ 2,762,551	$ -	$ 102,249,768
Total investments measured at fair value	$ 105,012,319			

External Investment Pools. The University reported investments at fair value totaling $102,249,768 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. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor’s, had an effective duration of 3.33 years, and fair value factor of 1.003 at June 30, 2025. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool’s total fair value by the pool participant’s total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant’s pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State’s Annual Comprehensive Financial Report.

Historically Black Colleges and Universities (HBCU) Debt Service Accounts. The University reported investments totaling $2,762,551 at June 30, 2025, in the HBCU Debt Service Accounts. These investments are used to make debt service payments on capital improvement debt issued by the United States Department of Education for the benefit of the University. The University relies on policies developed by the HBCU for managing interest rate risk and credit risk for these accounts. Disclosure for the Debt Service Accounts are included in the notes to the financial statements of the State's Annual Comprehensive Financial Report.

Component Units Investments. Investments held by the University’s component units, Florida Agricultural and Mechanical University Foundation, Inc.; Florida Agricultural and Mechanical University National Alumni Association, Inc.; and FAMU Rattler Boosters, Inc. 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)
Corporate Bonds	$ 30,798,141	$ 29,664,060	$ 1,134,081	$ -
Common Stocks	82,226,356	82,226,356	-	-
Real Estate Property	1,532,976	-	1,532,976	-
Accrued Interest/Unsettled Transactions	2,393	2,393	-	-
Money Market Funds	1,621,218	1,621,218	-	-
Total investments by fair value level	$ 116,181,084	$ 113,514,027	$ 2,667,057	$ -
Investments measured at the net asset value (NAV)				
Commingled Funds and Limited Partnerships	91,024,821			
Real Estate Funds	3,227,834			
Total investments measured at NAV	94,252,655			
Total investments measured at fair value	$ 210,433,739			

5. Receivables

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

Description	Amount
Student Tuition and Fees	$ 17,641,150
Contracts and Grants	18,017,229
Interest Receivable	992,528
Total Accounts Receivable	36,650,907
Allowance for Doubtful Accounts	(7,850,392)
Total Accounts Receivable	$ 28,800,515

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

Allowance for Doubtful Receivables. Allowances for doubtful accounts and loans and notes receivable are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable and loans and notes receivable are reported net of allowances of $7,850,392 and $52,332, respectively, at June 30, 2025.

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

6. Due From State

The amount due from State consists of $18,815,042 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations due from the State to the University for construction of University facilities and salary payments share from the FSU-FAMU College of Engineering.

7. Capital Assets

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

Description	Beginning Balance (1)	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 25,369,275	$ -	$ -	$ 25,369,275
Works of Art and Historical Treasures	1,042,634	180,600	39,414	1,183,820
Construction in Progress	58,176,626	101,582,340	8,862,235	150,896,731
Total Nondepreciable Capital Assets	$ 84,588,535	$ 101,762,940	$ 8,901,649	$ 177,449,826
Depreciable Capital Assets:				
Buildings	$ 738,667,140	$ 4,256,773	$ 17,040	$ 742,906,873
Infrastructure and Other Improvements	114,965,817	1,046,172	3,047,057	112,964,932
Furniture and Equipment	90,326,528	17,504,337	10,388,020	97,442,845
Library Resources	67,576,264	882,322	271,269	68,187,317
Lease Assets	837,103	606,193	-	1,443,296
Subscription-Based Information Technology Arrangements	1,185,784	13,065,129	-	14,250,913
Works of Art and Historical Treasures	154,657	-	-	154,657
Computer Software	7,200	131,697	-	138,897
Total Depreciable Capital Assets	1,013,720,493	37,492,623	13,723,386	1,037,489,730
Less, Accumulated Depreciation:				
Buildings	225,240,843	14,459,752	2,974,365	236,726,230
Infrastructure and Other Improvements	41,789,718	3,119,886	-	44,909,604
Furniture and Equipment	60,174,863	8,897,742	3,824,953	65,247,652
Library Resources	62,579,040	1,320,474	271,269	63,628,245
Lease Assets	510,396	332,283	-	842,679
Subscription-Based Information Technology Arrangements	458,796	1,800,461	-	2,259,257
Works of Art and Historical Treasures	64,891	22,441	-	87,332
Computer Software	5,520	9,497	-	15,017
Total Accumulated Depreciation	390,824,067	29,962,536	7,070,587	413,716,016
Total Depreciable Capital Assets, Net	$ 622,896,426	$ 7,530,087	$ 6,652,799	$ 623,773,714

(1) Adjustments were made to correct prior year accounting errors as discussed in Note 2. of the notes to financial statements.

8. Unearned Revenue

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

Description	Amount
Contracts and Grants	$ 6,845,343
Student Fees	1,532,512
Total Unearned Revenue	$ 8,377,855

9. Long-Term Liabilities

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	$ 2,449,252	$ 52,800,031	$ -	$ 55,249,283	$ -
Leases Payable	274,832	606,193	328,927	552,098	269,524
Subscription Arrangements Liability	564,822	13,989,303	2,416,847	12,137,278	1,764,098
Compensated Absences Payable (1)	26,360,401	1,482,251	-	27,842,652	1,993,534
Other Postemployment Benefits Payable	47,778,063	47,543,236	37,745,080	57,576,219	1,600,309
Net Pension Liability	107,759,469	42,450,843	48,104,337	102,105,975	106,225
Other Noncurrent Liabilities	11,897,558	-	1,471,438	10,426,120	1,522,254
Total Long-Term Liabilities	$ 197,084,397	$ 158,871,857	$ 90,066,629	$ 265,889,625	$ 7,255,944

(1) The beginning balance of the Compensated Absences Payable was adjusted for adoption of GASB Statement No. 101 as described in Note 2. and the change in compensated absences payable is presented as a net change.

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

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
Series A 2024-1 HBCU Bond	$ 55,249,283	$ 55,249,283	4.176 to 4.920	2054

On February 6, 2024, as authorized by the HBCU Capital Financing Program, the University entered into debt agreements through the Florida Board of Governors securing the fixed rate HBCU capital project Series A 2024-1, principal not to exceed $97,500,000, and interest rates ranging from of 4.5 percent to 5 percent to finance the cost of designing and constructing a 700-bed student housing facility, and related issuance costs. The University has received debt proceeds totaling $55,249,283 as of June 30, 2025.

The University has pledged a portion of future housing rental revenues to repay $55,249,283 in HBCU capital project debt borrowed by the Florida Board of Governors on behalf of the University. Proceeds from the debt provided financing to construct student housing facilities. The debt is payable solely from housing rental income and is payable through 2054. 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 $105,035,932. During the 2024-25 fiscal year, housing rental income totaled $13,893,817.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ -	$ -	$ -
2027	-	3,751,283	3,751,283
2028	22,772	3,728,511	3,751,283
2029	459,278	3,292,005	3,751,283
2030	1,033,122	2,718,161	3,751,283
2031-2035	6,857,801	11,898,615	18,756,416
2036-2040	8,659,708	10,096,708	18,756,416
2041-2045	10,914,455	7,841,961	18,756,416
2046-2050	13,758,643	4,997,774	18,756,417
2051-2054	13,543,504	1,461,631	15,005,135
Total	$ 55,249,283	$ 49,786,649	$ 105,035,932

Leases Payable. The University has entered into various long-term noncancellable lease arrangements as lessee for use of space for a period of 3 years. The University uses the interest rate implicit in the leases or an incremental borrowing rate, if the interest rate is not readily determinable, to discount the lease payments. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases*, and, therefore, have been recorded at the present value of the lease payments as of the date of their inception. Principal and interest payments due for leases are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 269,524	$ 8,568	$ 278,092
2027	211,702	3,873	215,575
2028	70,872	310	71,182
Total Minimum Lease Payments	$ 552,098	$ 12,751	$ 564,849

Subscription Arrangements Liability. The University has entered into various long-term noncancellable subscription-based information technology arrangements (SBITA) for the right to use financial and educational software for a period of 3 to 10 years. The University uses the interest rate implicit in the SBITAs or an incremental borrowing rate, if the interest rate is not readily determinable, to discount the SBITAs payments. Future minimum payments under SBITAs and present value of the minimum payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 1,764,098	$ 258,948	$ 2,023,046
2027	1,207,450	219,946	1,427,396
2028	1,147,543	194,344	1,341,887
2029	1,198,714	170,012	1,368,726
2030	1,251,504	144,595	1,396,099
2031-2035	5,567,969	301,292	5,869,261
Total	$ 12,137,278	$ 1,289,137	$ 13,426,415

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. Compensated absences are estimated and accrued as liabilities to the extent that it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2025, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $27,842,652. The current portion of the compensated absences liability, $1,993,534, 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 $57,576,219 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 0.56 percent, which was a decrease of 0.01 from its proportionate share reported as of June 30, 2023.

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

Inflation	2.4 percent
Salary increases	Varies by FRS Class
Discount rate	4.21 percent
Healthcare cost trend rates	
PPO Plan	7.86 percent for 2025, initially increasing to 8.0 percent for 2027 before decreasing to an ultimate rate of 4 percent for 2075 and later years.
HMO Plan	7.68 percent 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 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.

- 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:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
University's proportionate share of the total OPEB liability	$66,443,928	$57,576,219	$50,358,239

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's proportionate share of the total OPEB liability	$49,422,524	$57,576,219	$67,994,187

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 $15,045,887. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 5,200,805
Change of assumptions or other inputs	10,600,465	22,080,216
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	5,935,979	1,754,920
Transactions subsequent to the measurement date	1,635,291	-
Total	$ 18,171,735	$ 29,035,941

Of the total amount reported as deferred outflows of resources related to OPEB, $1,635,291 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:

Fiscal Year Ending June 30	Amount
2026	$ (2,362,787)
2027	(3,337,134)
2028	(2,966,120)
2029	(1,530,442)
2030	(1,097,742)
Thereafter	(1,205,272)
Total	$ (12,499,497)

Other Noncurrent Liabilities. In the 2011-12 fiscal year, the University entered into a finance purchase agreement totaling $12,302,562 to finance an energy performance savings contract. The stated interest rate is 2.5646 percent. In the 2020-21 fiscal year, the University entered into a financed purchase agreement totaling $9,421,538 to finance an energy performance saving contract. The stated interest rate is 2.1 percent. Future minimum payments remaining under financed purchase agreements and the present value of the minimum payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30	Total
2026	$ 1,745,650
2027	1,760,963
2028	1,776,589
2029	1,019,839
2030	778,543
2031-2035	4,148,633
2036	247,782
Total Minimum Payments	11,477,999
Less, Amount Representing Interest	1,051,879
Total Minimum Lease Payments	$ 10,426,120

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 $102,105,975. 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).

The University's FRS and HIS pension expense totaled $10,687,154 for the fiscal year ended June 30, 2025.

FRS Pension Plan

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after

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

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

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

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

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 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:

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

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

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

The University's contributions to the Plan totaled $11,110,739 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the University reported a liability of $71,586,442 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 0.185051032 percent, which was a decrease of 0.003476791 percent from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the University recognized pension expense of $9,743,207. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,232,153	$ -
Change of assumptions	9,811,576	-
Net difference between projected and actual earnings on FRS Plan investments	-	4,758,007
Changes in proportion and differences between University contributions and proportionate share of contributions	187,807	2,820,383
University FRS contributions subsequent to the measurement date	11,110,739	-
Total	$ 28,342,275	$ 7,578,390

The deferred outflows of resources totaling $11,110,739, 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:

Fiscal Year Ending June 30	Amount
2026	$ (2,020,660)
2027	11,199,762
2028	187,685
2029	(299,964)
2030	586,323
Total	$ 9,653,146

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

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

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

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

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

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below.

Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

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

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

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

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

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
University's proportionate share of the net pension liability	$125,918,045	$71,586,442	$26,072,201

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 $1,858,393 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 $30,519,533 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, 2023. 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 0.203450301 percent, which was a decrease of 0.002055741 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the University recognized pension expense of $943,947. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Change of assumptions	$ 540,124	$ 3,613,121
Net difference between projected and actual earnings on HIS Plan investments	-	11,038
Differences between expected and actual experience	294,687	58,602
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	51,310	784,355
University HIS contributions subsequent to the measurement date	1,858,393	-
Total	$ 2,744,514	$ 4,467,116

The deferred outflows of resources totaling $1,858,393, 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:

Fiscal Year Ending June 30	**Amount**
2026	$ (671,044)
2027	(726,398)
2028	(996,933)
2029	(701,444)
2030	(380,532)
Thereafter	(104,644)
Total	$ (3,580,995)

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

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

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

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

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

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

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

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
University's proportionate share of the net pension liability	$34,742,565	$30,519,533	$27,013,733

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, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2024-25 fiscal year were as follows:

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

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

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

The University's Investment Plan pension expense totaled $4,132,443 for the fiscal year ended June 30, 2025.

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

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

The University's contributions to the Program totaled $4,488,415, and employee contributions totaled $2,381,631, for the 2024-25 fiscal year.

12. Construction Commitments

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

Project Description	Total Commitment	Completed to Date	Balance Committed
Campus Infrastructure	$ 22,621,386	$ 12,659,050	$ 9,962,336
Chemical and Biological Research Project	30,705,775	476,419	30,229,356
Jackson Davis Historic Preservation	523,000	-	523,000
Maintenance and Renovations	95,876,473	53,846,181	42,030,292
Student Housing	95,890,328	83,915,081	11,975,247
Total	$ 245,616,962	$ 150,896,731	$ 94,720,231

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

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

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:

Functional Classification	Amount
Instruction	$ 90,910,460
Research	49,968,364
Public Services	565,763
Academic Support	66,878,832
Student Services	11,474,266
Institutional Support	39,450,375
Operation and Maintenance of Plant	28,542,934
Scholarships, Fellowships, and Waivers	10,304,233
Depreciation	29,962,536
Auxiliary Enterprises	38,351,521
Total Operating Expenses	$ 366,409,284

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, and liabilities are required to be accounted for separately. The following financial information for the University's Housing facilities represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Housing Facility
Assets	
Current Assets	$ 15,947,264
Capital Assets, Net	244,797,995
Total Assets	260,745,259
Liabilities	
Current Liabilities	1,894,323
Noncurrent Liabilities	55,485,944
Total Liabilities	57,380,267
Net Position	
Net Investment in Capital Assets	189,548,712
Unrestricted	13,816,280
Total Net Position	$ 203,364,992

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

	Housing Facility
Operating Revenues	$ 13,893,817
Depreciation Expense	(3,353,074)
Other Operating Expenses	(3,393,082)
Operating Income	7,147,661
Nonoperating Revenue	307,623
Increase in Net Position	7,455,284
Net Position, Beginning of Year	195,909,708
Net Position, End of Year	$ 203,364,992

Condensed Statement of Cash Flows

	Housing Facility
Net Cash Provided (Used) by:	
Operating Activities	$ (8,866,375)
Noncapital Financing Activities	307,623
Capital and Related Financing Activities	(3,065,148)
Investing Activities	(1,553,677)
Net Decrease in Cash and Cash Equivalents	(13,177,577)
Cash and Cash Equivalents, Beginning of Year	19,777,033
Cash and Cash Equivalents, End of Year	$ 6,599,456

17. Discretely Presented Component Units

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

Condensed Statement of Net Position

	Direct-Support Organizations			
	Florida Agricultural and Mechanical University Foundation, Inc.	Florida Agricultural and Mechanical University National Alumni Association, Inc.	FAMU Rattler Boosters, Inc.	Total
Assets:				
Current Assets	$ 23,765,932	$ 932,793	$ 66,838	$ 24,765,563
Capital Assets, Net	530,366	-	-	530,366
Other Noncurrent Assets	201,978,205	3,696,504	248,539	205,923,248
Total Assets	226,274,503	4,629,297	315,377	231,219,177
Liabilities:				
Current Liabilities	4,035,570	473,635	-	4,509,205
Noncurrent Liabilities	141,931	-	-	141,931
Total Liabilities	4,177,501	473,635	-	4,651,136
Net Position:				
Net Investment in Capital Assets	142,367	-	-	142,367
Restricted Nonexpendable	106,266,817	3,450,413	210,809	109,928,039
Restricted Expendable	111,250,386	415,158	-	111,665,544
Unrestricted	4,437,432	290,091	104,568	4,832,091
Total Net Position	$ 222,097,002	$ 4,155,662	$ 315,377	$ 226,568,041

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

	Direct-Support Organizations			
	Florida Agricultural and Mechanical University Foundation, Inc.	Florida Agricultural and Mechanical University National Alumni Association, Inc.	FAMU Rattler Boosters, Inc.	Total
Operating Revenues	$ 35,960,158	$ 620,831	$ 123,288	$ 36,704,277
Operating Expenses	(22,319,075)	(362,873)	(119,182)	(22,801,130)
Operating Income	13,641,083	257,958	4,106	13,903,147
Net Nonoperating Revenues (Expenses)	(24,437)	113,319	(10,485)	78,397
Other Revenues	2,758,164	-	23,473	2,781,637
Increase in Net Position	16,374,810	371,277	17,094	16,763,181
Net Position, Beginning of Year	205,722,192	3,784,385	298,283	209,804,860
Net Position, End of Year	$ 222,097,002	$ 4,155,662	$ 315,377	$ 226,568,041

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

	2024	2023	2022	2021
University's proportion of the total other postemployment benefits liability	0.56%	0.57%	0.58%	0.53%
University's proportionate share of the total other postemployment benefits liability	$ 57,576,219	$ 47,778,063	$ 45,201,100	$ 55,537,067
University's covered-employee payroll	$ 127,630,765	$ 123,150,313	$ 116,897,762	$ 116,897,762
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	45.11%	38.80%	38.67%	47.51%

	2020	2019	2018	2017
University's proportion of the total other postemployment benefits liability	0.52%	0.55%	0.55%	0.55%
University's proportionate share of the total other postemployment benefits liability	$ 53,671,919	$ 69,531,200	$ 58,034,000	$ 59,972,000
University's covered-employee payroll	$ 116,309,686	$ 114,039,416	$ 113,789,082	$ 112,860,919
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	46.15%	60.97%	51.00%	53.14%

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

	2024 (1)	2023 (1)	2022 (1)	2021 (1)
University's proportion of the FRS net pension liability	0.185051032%	0.188527823%	0.196728151%	0.197762912%
University's proportionate share of the FRS net pension liability	$ 71,586,442	$ 75,122,371	$ 73,198,682	$ 14,940,643
University's covered payroll (2)	$ 127,630,765	$ 123,150,313	$ 116,897,762	$ 116,548,787
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	56.09%	61.00%	62.62%	12.82%
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

	2025 (1)	2024 (1)	2023 (1)	2022 (1)
Contractually required FRS contribution	$ 11,110,739	$ 10,478,761	$ 9,069,401	$ 8,394,748
FRS contributions in relation to the contractually required contribution	(11,110,739)	(10,478,761)	(9,069,401)	(8,394,748)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 135,744,443	$ 127,630,765	$ 123,150,313	$ 116,897,762
FRS contributions as a percentage of covered payroll	8.19%	8.21%	7.36%	7.18%

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

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

2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)
0.195748232%	0.202314209%	0.209281509%	0.210759036%	0.212314988%	0.218226097%
$ 84,842,072	$ 69,674,197	$ 63,036,676	$ 62,341,109	$ 53,609,701	$ 28,186,827
$ 116,309,686	$ 114,039,416	$ 113,789,082	$ 112,860,919	$ 111,280,144	$ 109,391,428
72.94%	61.10%	55.40%	55.24%	48.18%	25.77%
78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)
$ 7,533,912	$ 6,503,846	$ 6,273,200	$ 5,964,355	$ 5,486,577	$ 5,177,640
(7,533,912)	(6,503,846)	(6,273,200)	(5,964,355)	(5,486,577)	(5,177,640)
$ -	$ -	$ -	$ -	$ -	$ -
$ 116,548,787	$ 116,309,686	$ 114,039,416	$ 113,789,082	$ 112,860,919	$ 111,280,144
6.46%	5.59%	5.50%	5.24%	4.86%	4.65%

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

	2024 (1)	**2023** (1)	**2022** (1)	**2021** (1)
University's proportion of the HIS net pension liability	0.203450301%	0.205506042%	0.207336439%	0.212054785%
University's proportionate share of the HIS net pension liability	$ 30,519,533	$ 32,637,098	$ 21,960,240	$ 26,011,709
University's covered payroll (2)	$ 86,123,500	$ 77,224,625	$ 72,414,177	$ 72,352,927
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.44%	42.26%	30.33%	35.95%
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

	2025 (1)	**2024** (1)	**2023** (1)	**2022** (1)
Contractually required HIS contribution	$ 1,858,393	$ 1,722,470	$ 1,351,855	$ 1,254,560
HIS contributions in relation to the contractually required HIS contribution	(1,858,393)	(1,722,470)	(1,351,855)	(1,254,560)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 90,807,284	$ 86,123,500	$ 77,224,625	$ 72,414,177
HIS contributions as a percentage of covered payroll	2.05%	2.00%	1.75%	1.73%

(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.

2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)
0.212038898%	0.210486624%	0.213410955%	0.220156699%	0.225242384%	0.224601105%
$ 25,889,605	$ 23,551,348	$ 22,587,656	$ 23,540,170	$ 26,251,067	$ 22,905,780
$ 70,655,308	$ 68,850,145	$ 68,588,401	$ 68,546,066	$ 69,785,144	$ 66,541,722
36.64%	34.21%	32.93%	34.34%	37.62%	34.42%
3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)
$ 1,246,460	$ 1,221,881	$ 1,168,812	$ 1,157,333	$ 1,165,133	$ 1,154,511
(1,246,460)	(1,221,881)	(1,168,812)	(1,157,333)	(1,165,133)	(1,154,511)
$ -	$ -	$ -	$ -	$ -	$ -
$ 72,352,927	$ 70,655,308	$ 68,850,145	$ 68,588,401	$ 68,546,066	$ 69,785,444
1.72%	1.73%	1.70%	1.69%	1.70%	1.65%

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

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

Changes of Benefit Terms. Upon the passing of legislative action, the retirement eligibility for Special Risk employees hired on and 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 participation age and service requirements were removed. The retirement rates and DROP entry rates were updated in conjunction with these changes.

Changes of Assumptions. The discount rate was updated to utilize the mandated discount rate based on a 20-year Standard & Poor's Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate increased from 4.13 percent to 4.21 percent.

DROP participation periods were updated for certain members based on the actual valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2023. Additional updates were for claims aging rates, health care costs and premiums based on Plan experience, and health care cost trend rates based on projected Plan experience.

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.

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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 Agricultural and Mechanical University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 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 August 7, 2026, included under the heading **INDEPENDENT AUDITOR’S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying ***FINDING AND RECOMMENDATION*** section of this report, as Financial Statement Finding No. 2025-001 that we consider to be a material weakness.

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*.

University's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the finding identified in our audit and included as University Response in Finding No. 2025-001. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
August 7, 2026
Audit Report No. 2027-013

FINDING AND RECOMMENDATION

MATERIAL WEAKNESS

FINANCIAL REPORTING

Finding Number	**2025-001**
Opinion Unit	Florida Agricultural and Mechanical University
Financial Statements Account Title	Various
Adjustment Amounts	Decrease to State Capital Appropriations ($29.5 million – debit) and Due from State ($29.5 million – credit) Increase Adjustments to Beginning Net Position ($9.7 million – credit) and Decrease Accounts Payable ($9.7 million – debit)
Prior Year Finding	2024-001

Finding

University financial recordkeeping and reporting controls are deficient, increasing the risk for a material misstatement of the University financial statements to occur without timely detection and correction.

Criteria

Section 1010.01(3), Florida Statutes, requires each university to annually file with the Board of Governors (BOG) financial statements prepared in conformity with accounting principles generally accepted by the United States (GAAP) and the uniform classification of accounts prescribed by the BOG. In addition, Section 1010.01(5), Florida Statutes, requires each university to establish and maintain internal controls designed to, among other things, prevent and detect fraud, waste, and abuse.

University Trustee Policy 2006-03 establishes the University's Guiding Principles for Fiscal Affairs, which include maintaining accounting records in accordance with GAAP, and ensuring that employees have appropriate knowledge of applicable laws and University regulations and policies governing the fiscal affairs of the University, that business and financial activities of the University are conducted in accordance with applicable laws and University regulations and policies, and the reliable and complete reporting of business and financial activities to all applicable University stakeholders.

The University Senior Vice President for Finance and Administration/Chief Financial Officer (CFO) is responsible for appropriate oversight of the University Division of Finance and Administration Leadership Team. Those team members include officers with responsibilities over, for example, financial recordkeeping, budgeting, procurement, and other University financial activities. The Associate Vice President and University Controller and staff in the Controller's Office are responsible for ensuring that the financial records of the University are accurate and comply with statements of the Governmental Accounting Standards Board, University and BOG policies, procedures, and regulations, and pertinent State and Federal regulations.

General ledger accounting entries and other accounting entries made directly to the financial statements revise asset, liability, revenue, and expense accounts. Effective controls provide reasonable assurance that entries and transactions are appropriately recorded and reported and properly supported, and that errors or fraud, should they occur, are promptly detected and resolved. Such controls require that individuals possess the expertise to prepare accounting entries and the annual financial report (AFR) and that other individuals with financial accounting expertise document independent verification of the entries and the financial statements before the AFR is submitted to the BOG.

Condition

In previous years, the Legislature appropriated $29.5 million in State funding to the University, including State Deferred Maintenance funding of $18.1 million and State Public Education and Capital Outlay (PECO) funding of $11.4 million. Since the University met the eligibility requirements for the funding before receipt of the related cash, the University correctly recorded those amounts by debiting receivables and crediting revenues.

During the 2024-25 fiscal year, the University received the cash for the prior year appropriations but inadvertently recorded the amounts received by crediting revenues instead of receivables. Consequently, University revenues and receivables were each overstated in the accounting records and on the AFR by $29.5 million for the 2024-25 fiscal year. Ultimately, the University accepted our recommended audit adjustment to properly report revenues and receivables.

In addition, we determined by examining University records that the University improperly recorded an entry that reduced Adjustments to Beginning Net Position by $9.7 million and increased Accounts Payable by that amount. University personnel accepted our recommended audit adjustment to reverse that entry.

Moreover, consultant staff explained the rationale for other adjustments totaling $41.2 million to the Adjustments to Beginning Net Position account; however, although we requested, detailed University records were not provided to support the basis for those adjustments.

Adjustments to Beginning Net Position
For the Fiscal Year Ended June 30, 2025
(in millions)

Adjustments to Beginning Net Position	Amounts Recorded	Audit Adjustment	Amounts Reported	Amounts Unsupported
Net Position, Beginning of Year	$613.7	$ -	$613.7	$ -
Change in accounting principle (GASB Statement No. 101)	(.8)	-	(.8)	-
Error correction – Depreciable Capital Assets, Net	9.6	-	9.6	3.3
Error correction – Deposits Payable	30.2	-	30.2	26
Error correction – Accounts Payable	(9.7)	9.7	-	-
Error correction – Accounts Payable	11.9	-	11.9	11.9
Total Adjustments to Beginning Net Position	$41.2	$9.7	$50.9	$41.2
Net Position, Beginning of Year, Restated	$654.9	$9.7	$664.6	$41.2

We expanded our audit procedures to examine and evaluate available records, conducted analytical comparisons of prior year audited account balances and transactions with audit expectations and University financial statement amounts, and determined that the reported Beginning Net Position totaling $664.6 million was materially accurate and properly presented. Notwithstanding, University controls over financial recording and reporting were not always effective to ensure that recorded and reported amounts were accurate and properly supported.

Cause

Due to University management turnover and University Controller's Office staffing shortages, the University did not always have staff with sufficient knowledge to accurately record accounting entries and prepare the related financial statements and maintain appropriate support for those entries and financial statements. While the University contracted with three accounting firms to consult and provide financial recording and reporting support, University personnel were not aware that the Beginning Net Position account cannot be adjusted without appropriate and sufficient detailed support.

Effect

Recording and reporting errors may cause financial information users to misunderstand the University's most significant accounts, their related balances, and other financial activities, and incorrectly assess the University's financial position.

Absent effective financial recording and reporting controls ensuring accurately prepared, properly supported, and independently verified accounting entries and financial statements, there is an increased risk that errors or fraud could occur and remain undetected. In addition, without such controls, the reliability and transparency of the general ledger financial information throughout the year and the Board's ability to effectively monitor the University's financial position is substantially diminished.

Recommendation

To ensure the accuracy, reliability, and transparency of University financial records and to reduce the risk that significant errors or irregularities will occur without detection, the University should take immediate and comprehensive action to remediate the material weaknesses in its financial recording and reporting processes. At a minimum, the University should:

- Establish and enforce formal procedures requiring that all accounting entries, including adjusting and beginning-balance entries, be supported by detailed documentation that clearly explains the basis, purpose, and authoritative accounting guidance for each entry.
- Implement a structured review and approval process for all entries and financial statement adjustments. This process should include documented, independent verification by personnel with demonstrated financial accounting expertise who are not involved in preparing the entries.
- Strengthen the year-end financial reporting process by developing a detailed AFR preparation and quality-control plan, requiring supervisory review at key steps, and ensuring that all amounts reported in the AFR are reconciled to the general ledger and supported by complete and accurate records.
- Remediate staffing deficiencies by ensuring that the University employs or contracts personnel with sufficient technical accounting expertise to prepare, review, and maintain support for complex accounting entries and the AFR. This should include targeted training, documented competency requirements, and periodic evaluation of staff proficiency.
- Require that any future adjustments to Beginning Net Position be prohibited unless fully supported by detailed evidence and reviewed and approved by qualified University Controller's Office personnel or qualified contracted staff.
- Establish ongoing monitoring procedures to verify that financial information posted to the general ledger throughout the year is accurate, properly supported, and subject to routine independent review. Results of monitoring should be reported to the University Division of Finance and Administration Leadership Team and the Board to ensure that the AFR is accurately completed before the AFR is submitted to the BOG.

University Response

The University acknowledges the finding. The University accepts full responsibility for implementing sustainable corrective actions and strengthening the financial reporting control environment going forward.

Significant executive attention and resources have been devoted to rebuilding the University's financial leadership, strengthening governance, improving financial reporting processes, enhancing management oversight, and investing in the people, processes, and technology necessary to establish a sustainable system of internal control.

The recommendations above are consistent with the University's ongoing efforts to strengthen financial governance, internal controls, and financial reporting.

- The University has significantly strengthened the Controller's Office through the appointment of a permanent University Controller and the hiring of qualified accounting professionals to fill critical vacancies, including multiple Assistant Controller positions responsible for financial reporting and general accounting.
- Accounting policies and procedures continue to be reviewed, updated and enhanced to formalize policies and standardize procedures for preparing, reviewing and approving accounting entries, including adjusting entries and beginning net position adjustments. Documentation standards and record retention requirements are being strengthened to improve consistency, accountability, transparency, and audit readiness.
- The Controller's Office is implementing structured review and approval procedures requiring a documented supervisory review by qualified accounting personnel in connection with the preparation and submission of the Annual Financial Report (AFR). AFR preparation procedures will be formalized utilizing applicable standards guidance, standardized reconciliation procedures, and multiple levels of quality control review to ensure reported balances reconcile to the University's general ledger and are fully supported prior to submission to the Board of Governors.
- The University intends to enhance technical accounting training opportunities for personnel responsible for financial reporting.
- Management has implemented ongoing monitoring procedures within the Controller's Office to evaluate compliance with revised financial reporting procedures throughout the fiscal year.
- The University’s Division of Audit will independently assess management's implementation of corrective actions through its established audit follow-up process and future risk-based Assurance engagements. This will include, but not be limited to, the performance of an audit of the University's internal controls over financial reporting designed to assist the University improve its audit readiness. This is expected to occur prior to the commencement of the University's fiscal year 2026 financial statement audit.

BOARD OF TRUSTEES AND PRESIDENT 2024-2025

During the 2024-25 fiscal year, Dr. Timothy L. Beard served as president of Florida Agricultural and Mechanical University, and the following individuals served as members of the Board of Trustees.