

FLORIDA STATE UNIVERSITY

ANNUAL REPORT 2022-2023





DODD HALL

Dodd Hall

641 University Way



Florida State University

Annual Report 2022–2023

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MESSAGE FROM THE PRESIDENT

Over the past fiscal year, I have focused on investing resources in strategic priorities that will advance our ambitious agenda and improve Florida State University's standing as one of the top public universities in America. We are making tremendous progress.

Our commitment to student success remains a top priority. Our 96% student retention rate and 85% six-year and 75% four-year graduation rates are among the best in the nation. We remain steadfast in our commitment to ensure that every FSU student, regardless of background, earns a degree in a timely way.

We also continue to expand our research enterprise by conducting groundbreaking studies, engaging in creative endeavors, and launching bold initiatives. Last year, our research expenditures reached a record-breaking \$400 million. Our research mission not only paves the way for world-changing discoveries but also contributes significantly to the economies of our state and nation.

We are making great progress on our FSU Health initiative that we launched in 2022 with the aim of revolutionizing health care in North Florida and beyond. We have secured land on the Tallahassee Memorial HealthCare campus to establish an academic health center. We're also collaborating with TMH and the St. Joe Company to build a medical campus in Panama City Beach, which will include an urgent care center and a 100-plus-bed hospital.

We have also launched a major initiative in aerospace and advanced manufacturing in Northwest Florida to build a research, educational and workforce development facility to help transform the entire Panhandle area.

In addition, this past year we announced \$20 million in new investments in quantum science and engineering that will allow us to buy equipment and hire world-class faculty in this area. This funding is in addition to investments by individual colleges and units. Building upon our already prominent

position in magnetism, thanks to the National High Magnetic Field Laboratory and strong materials research programs, these investments will position FSU as a leader in this emerging field of national and global importance.

These projects are game changers for FSU. They will attract top-tier faculty, physician-scientists, and engineers, all leading to increased federal research funding.

Entrepreneurship and innovation are among FSU's core values, and that's why we've streamlined the process to move research from the lab to the marketplace. The new process, called Fast Start, is designed to allow faculty and researchers to execute license agreements quickly, with fewer roadblocks and delays. This is a significant step in accelerating university innovation and increasing the number of startups at FSU, which will lead to increased job opportunities and economic development in our region.

During the 2023 session, the Florida Legislature appropriated a record amount of funding, including \$109 million in recurring funds and \$108 million for building projects, which will be critical as we continue to advance our top priorities. Our legislators recognize that FSU provides an excellent return on investment, and we are grateful for their support.

We also continued our storied tradition in athletics, which plays a key role in advancing the mission of the university by keeping our alumni connected and by contributing to the national visibility of our brand.

Every day, we're working to make FSU even better. With many opportunities within our grasp and on the horizon, I'm excited for what the future holds for Florida State University.

Sincerely,



Richard McCullough, *President*
Florida State University



INTRODUCTION FROM THE SENIOR VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

The Annual Financial Report for the 2022–23 fiscal year at Florida State University offers insights into the university’s financial activities over the past year and provides an overview of our fiscal health. There have been several notable developments during this period.

The university’s Board of Trustees approved a \$2.62 billion operating budget for the fiscal year ending on June 30, 2024. This represents a year-over-year increase of 11%. This budget, the largest in university history, reaffirms Florida State’s commitment to affordability and academic excellence.

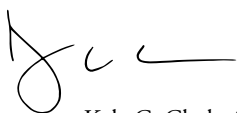
FSU will receive nearly \$109 million in new recurring operational support for FY24. Of this, \$60.7 million will be directed toward enhancing research, ensuring student success, and furthering our FSU Health initiative. This strategic investment is a testament to our commitment to transforming health care in North Florida and beyond.

We dedicated extensive time and effort to prepare for the reaffirmation process with the Southern Association of Colleges and Schools, Commission on Colleges. Occurring once every decade, reaffirmation involves rigorous compliance with the SACS Principles of Accreditation and the development of a comprehensive Quality Enhancement Plan. Our commitment to this process underscores our dedication to the advancement of higher education and continuous institutional improvement.

The university has broken ground on its future home for the College of Business, Legacy Hall. This cutting-edge, world-class facility is designed to inspire the next generation of business leaders. Legacy Hall will be the largest academic space on our campus and will serve as a hub for business education, collaboration, and development for FSU and beyond, bolstering the growing national and global prestige of the college and the university. Its anticipated opening in 2025 coincides with the 75th anniversary of the College of Business. Construction also continues on the Interdisciplinary Research and Commercialization Building, a collaborative space for researchers from various fields focused on creating and advancing new materials. This facility is scheduled to open in 2024.

President McCullough continues to drive a bold agenda for the university. The dedicated support from the governor and the Florida Legislature, as evident in the record funding within the state budget, underscores their commitment to Florida State University maintaining its status as one of the top public universities in the nation.

We look forward to the future with anticipation and enthusiasm, confident that our commitment to excellence will continue to shape our journey.



Kyle C. Clark, *Senior Vice President*
Florida State University

UNIVERSITY OVERVIEW

About FSU

Florida State University is a premier, comprehensive, graduate research university offering a broad array of academic and professional programs at all degree levels. Located in Tallahassee, Florida's capital city, and founded in 1851, FSU is the oldest of the twelve public institutions of higher learning in the State University System. The university is fully accredited by the Commission on Colleges of the Southern Association of Colleges and Schools and is officially designated as a preeminent research university in the state by the Florida Legislature.

Mission and Vision

Florida State University preserves, expands, and disseminates knowledge in the sciences, technology, arts, humanities, and professions, while embracing a philosophy of learning strongly rooted in the traditions of the liberal arts. The university is dedicated to excellence in teaching, research, creative endeavors, and service. The university strives to instill the strength, skill, and character essential for lifelong learning, personal responsibility, and sustained achievement within a community that fosters free inquiry and embraces diversity.

Florida State University will be among the nation's most entrepreneurial and innovative universities, transforming the lives of our students and shaping the future of our state and society through exceptional teaching, research, creative activity, and service. We will amplify these efforts through our distinctive climate—one that places a premium on interdisciplinary inquiry and draws from the rich intellectual and personal diversity of our students, faculty, staff, and alumni. These three forces—entrepreneurship, interdisciplinary, and diversity—deepen FSU's impact and result in a powerful return to our students and the people of Florida for their continued support and trust.





Academics

Florida State University offers leading undergraduate, graduate, and professional programs, many of which consistently rank among the nation's top twenty-five public universities. Baccalaureate degrees are offered in 103 programs, master's degrees in 107 programs, advanced master's/specialist degrees in six programs, doctorates in 63 programs, and four professional degrees.

Students

Designated as a Carnegie Research University (designating very high research activity), Florida State awards more than 3,000 graduate and professional degrees each year, and is recognized as a national leader in the number of doctorates awarded to African-American students and in the graduation rate of African-American undergraduates.

During the Fall 2022 semester, there were 32 freshmen and 153 total undergraduate National Merit Scholars enrolled at Florida State University. The middle 50 percent high school GPA for the Fall 2022 freshman class was 4.3-4.6 and middle 50 percent SAT scores were 1280-1390.

With more than 44,000 students enrolled in Fall 2022, the student body was comprised of 74 percent undergraduates, 24 percent graduates, and 2 percent unclassified. Our student body is diverse and represents every county in Florida, all 50 states, and 130 countries. Minorities represent 37 percent, and women represent 58 percent of our students.

UNIVERSITY OVERVIEW



Faculty

At Florida State University, we are fortunate that our faculty comprises men and women who are widely acknowledged as the finest in their fields. They have distinguished themselves in many disciplines and have gained the high regard of peers around the world. Their academic careers are marked by excellence and the excitement of discovery so important to educating the next generation.

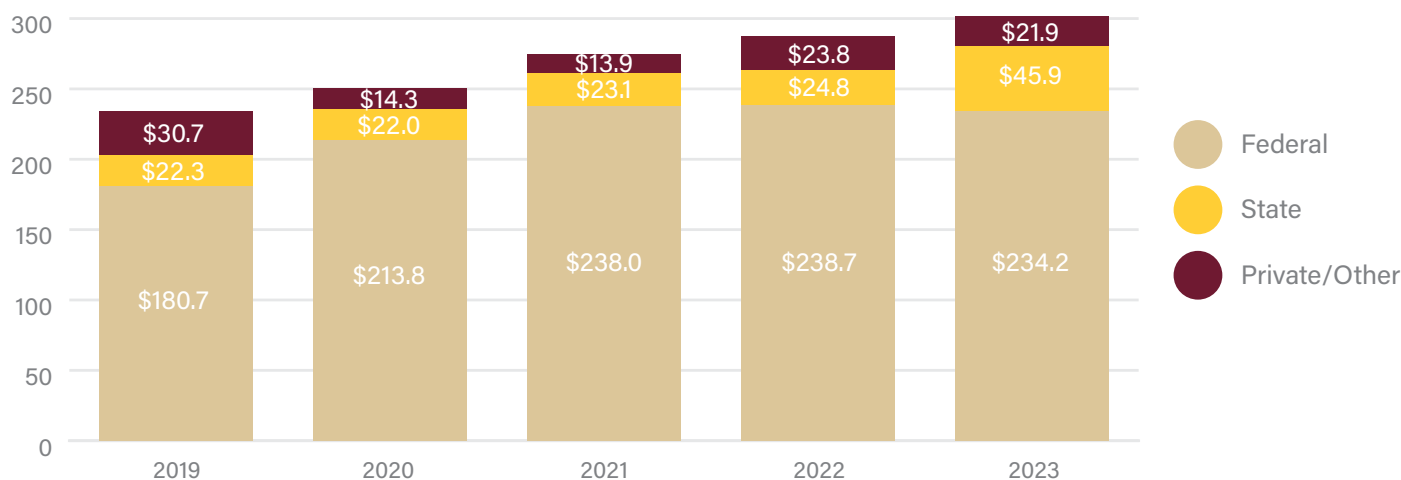
Our faculty members continually strive to build stronger programs in critical areas of technology and science and in the arts and humanities. The result is the expansion of knowledge as well as the discovery of new inventions, products, and processes benefiting the state of Florida, our nation, and the world.

Research

Research and creative activity is about discovery. It is about having an idea and finding the right environment in which to explore that idea. At FSU, we take great pride in our ability to provide supportive environments for the exploration of all types of ideas; and with approximately \$200 million in research expenditures each year, and more than 50 prominent research centers and institutes calling our campuses home, FSU continues to be one of the top idea-incubators in the nation.

Florida State University is also home to the National High Magnetic Field Laboratory (NHMFL), funded by the National Science Foundation. The only national lab in Florida, the NHMFL holds the most world records for the most powerful magnets on earth. Other research centers, such as the Center for Advanced Power Systems (CAPS), are supported by the U.S. Departments of Defense and Energy. The NHMFL and CAPS, among other labs, place Florida State University at the cutting edge of research and its application to industry.

SPONSORED PROGRAM AWARDS (\$ IN MILLIONS)



UNIVERSITY OVERVIEW

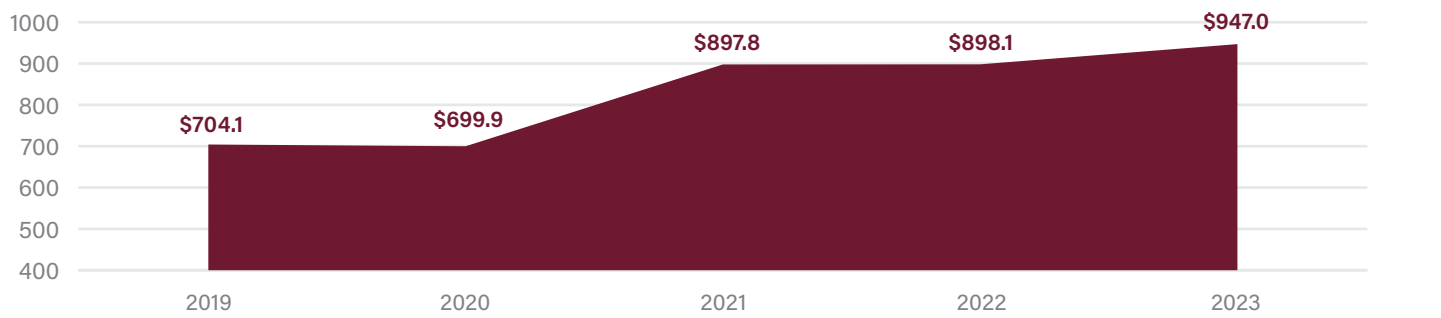
Veterans

The Florida State University Veterans Alliance represents the University’s campus-wide commitment to veteran support and success. The Veterans Alliance encompasses FSU’s initiatives that ease the transition from military service to campus life, foster a community of past, present, and future veterans, raise awareness of veterans issues among campus and local communities, and support student veterans through graduation and into rewarding careers and graduate-education programs. It is the goal of the Veterans Alliance that FSU be the most veteran-friendly and veteran-empowering university in the country.

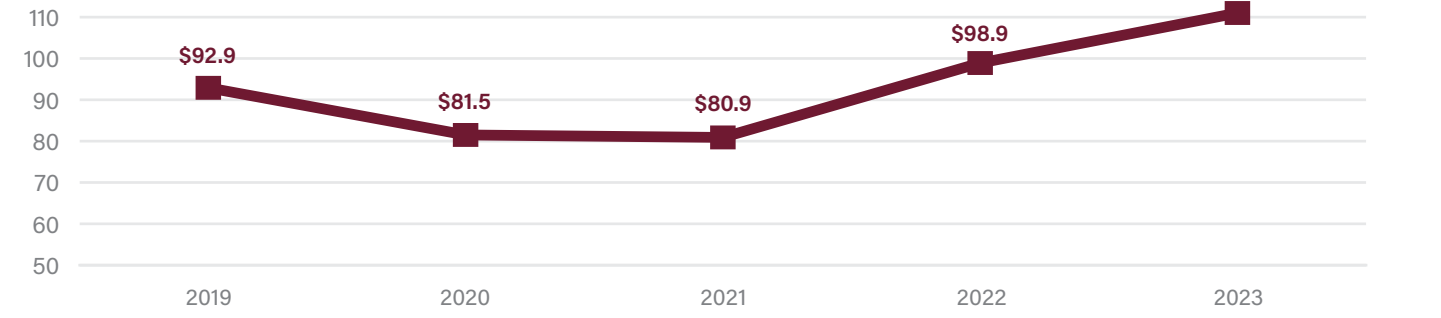
Endowment

The Total Endowment and Gifts comprises endowments and gifts from the following university direct support organizations: FSU Foundation, Seminole Boosters, FSU Research Foundation, and The John and Mable Ringling Museum of Art Foundation. The FSU Foundation enhances the academic vision and priorities of FSU through its organized fundraising activities and funds management. The Seminole Boosters acts as the fundraising arm of Florida State University Athletics. The FSU Research Foundation promotes and encourages, and provides assistance to, the research and training activities of faculty, staff and students at FSU. The John and Mable Ringling Museum of Art Foundation provides charitable and educational aid to the university’s John and Mable Ringling Museum of Art.

ENDOWMENT FAIR MARKET VALUE (\$ IN MILLIONS)



TOTAL GIFTS (\$ IN MILLIONS)





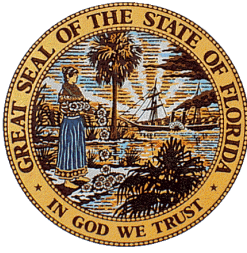
Florida State University in 2022-23

FSU's rankings and achievements during this past fiscal year include:

- ◆ Florida State University retained its place in the Top 25 among national public universities in the latest *U.S. News & World Report* rankings.
- ◆ Florida State consistently delivers an affordable, high-quality education and offers distinctive opportunities to engage its students. FSU has been named the No. 8 Best Value College in the nation among public colleges and universities according to *U.S. News & World Report's* "Best Colleges 2024" guidebook.
- ◆ Florida State continues to be a strong investment with the highest-rated credit of any public university in the state of Florida with an AA+ rating by S&P and Fitch and an equivalent Aa1 rating by Moody's.
- ◆ FSU's four-year graduation rate is among the highest in the country at 75%. FSU's six-year graduation rate rose to a record 83 percent, also among the highest in the nation.
- ◆ FSU's record retention rate, which measures how many first-year students stay enrolled from one fall semester to the next fall, reached 96% for the first time in FSU history.
- ◆ Florida State is one of the nation's top research institutions for producing Fulbright U.S. Scholars and students. Three FSU faculty scholars earned Fulbright grants for 2022–2023 along with nine student Fulbright Scholars receiving awards in 2022–2023.
- ◆ *U.S. News & World Report* currently ranks Florida State No. 30 overall and No. 23 among public universities in its "Best National Universities for Veterans" rankings.







Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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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 State 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, 2023, 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 other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Florida State University and of its aggregate discretely presented component units as of June 30, 2023, 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, 2023. 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. 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 adopted new accounting guidance Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is a change in accounting principle that addresses accounting and financial reporting for subscription-based information technology arrangements. This affects the comparability of amounts reported for the 2022-23 fiscal year with amounts reported for the 2021-22 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 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 **Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability** 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in this report. The other information comprises the Message from the President, Introduction from the Senior Vice President for Finance and Administration, and University Overview 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 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 December 13, 2023, on our consideration of the Florida State 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 State University's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 13, 2023
Audit Report No. 2024-091

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, 2023, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of university management. The MD&A contains financial activity of the university for the fiscal years ended June 30, 2023, and June 30, 2022.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the university's financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the university and its component units. Based upon the application of the criteria for determining component units, thirteen component units are included within the university reporting entity as discretely presented component units. Information regarding these component units, including summaries of the discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the university, excluding the component units. The component units' MD&A information is included in their separately issued audit reports.

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.

Condensed Statement of Net Position at June 30

(In Thousands)

	2023	2022
Assets		
Current Assets	\$ 1,327,613	\$ 1,072,401
Capital Assets, Net	2,162,148	2,087,045
Other Noncurrent Assets	297,989	159,990
Total Assets	3,787,750	3,319,436
Deferred Outflows of Resources	181,943	149,065
Liabilities		
Current Liabilities	441,515	241,996
Noncurrent Liabilities	868,264	609,433
Total Liabilities	1,309,779	851,429
Deferred Inflows of Resources	155,052	290,947
Net Position		
Net Investment in Capital Assets	1,859,158	1,873,134
Restricted	464,594	363,335
Unrestricted	181,110	89,656
Total Net Position	\$ 2,504,862	\$ 2,326,125

The university's total assets as of June 30, 2023, increased by \$468.3 million, or 14.1 percent. Current assets increased by \$255.2 million, or 23.8 percent, driven by a \$77.1 million rise in unrestricted total investments combined with increased capital appropriations due from the State of \$158.3 million mainly related to new allocations for the university's Academic Health Center and campus-wide deferred maintenance projects. Net capital assets increased by \$75.1 million, or 3.6 percent, primarily due to an increase in construction in progress of \$61.7 million combined with the addition of a \$62.4 million right-to-use asset resulting from the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). These increases were offset by a \$52 million decrease in the net value of buildings largely due to annual depreciation. Other noncurrent assets increased by \$138 million, or 86.3 percent, largely due to an increase in restricted investments of institutional funds earmarked for the construction of various capital projects including the Interdisciplinary Research and Commercialization Building (IRCB) and Legacy Hall.

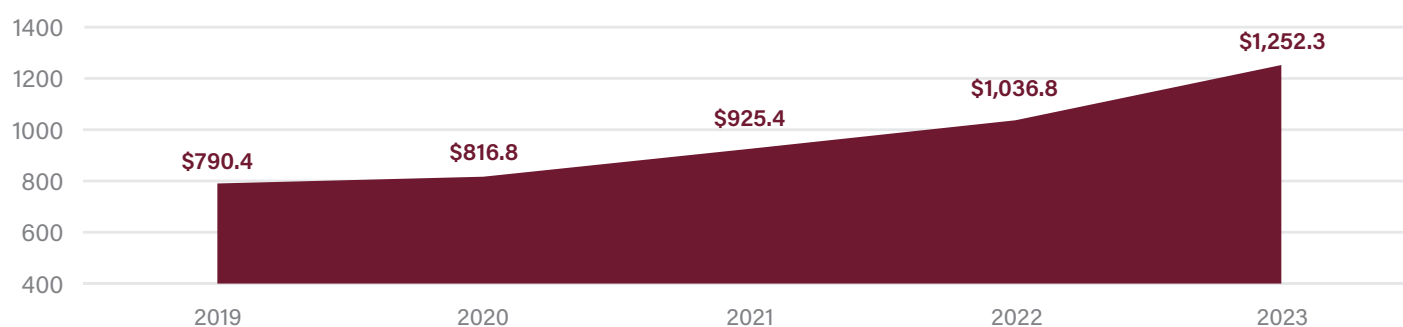
Total liabilities as of June 30, 2023, increased by \$458.4 million, or 53.8 percent. Current liabilities grew by \$199.5 million, or 82.4 percent. This increase was principally caused by a rise in unearned revenues for State funded capital projects which included \$124.9 million for the Academic Health Center, \$65.9 million for campus-wide deferred maintenance projects, and \$8.3 million for the National High Magnetic Field Laboratory. Noncurrent liabilities increased by \$258.8 million, or 42.5 percent, due to increases in the university's proportional share of the State's net pension liability of \$208.7 million, and the additional liability associated with the right-to-use asset noted above resulting from the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Pensions, other postemployment benefits, and leases also drove deferred outflows and deferred inflows of resources, which increased by \$32.9 million and decreased by \$135.9 million, respectively.

As a result, the university's overall net position increased by \$178.7 million, or 7.7 percent.

Investments

As of June 30, 2023, the university had \$969.8 million of unrestricted investments plus another \$282.5 million of restricted investments, for total investments of over \$1.2 billion. The university shifted a significant portion of its investments to Florida PRIME in the second half of the fiscal year to take advantage of higher short-term interest rates. Total balances in Florida PRIME and the State Treasury Special Purpose Investment Account stood at \$434.9 million and \$823.5 million, respectively, at June 30, 2023.

TOTAL INVESTMENTS (\$ IN MILLIONS)



Additional information about the university's investments is presented in Note 4 to the financial statements.

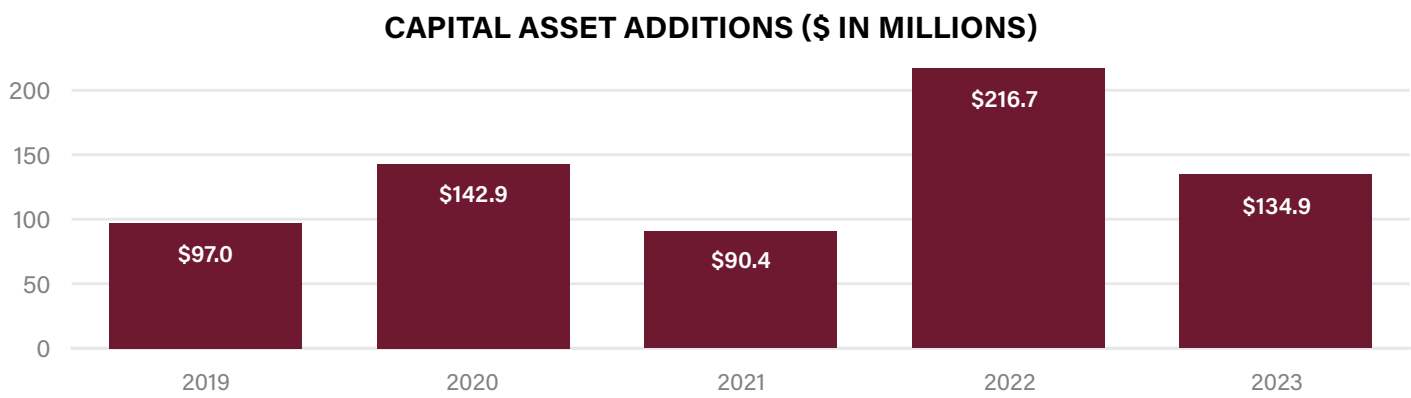
Capital Assets

At June 30, 2023, the university had \$3.7 billion in capital assets, less accumulated depreciation of \$1.5 billion, for net capital assets of \$2.2 billion. Depreciation charges for the current fiscal year totaled \$109.7 million. Effective July 1, 2022, the university implemented of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Capital Assets, Net at June 30 (In Thousands)

	2023	2022
Land	\$ 95,536	\$ 95,536
Buildings	1,614,512	1,666,508
Infrastructure and Other Improvements	73,778	77,465
Furniture and Equipment	95,759	97,130
Library Resources	37,600	36,934
Right-to-Use Leases	9,784	6,360
Right-to-Use SBITA	62,389	-
Works of Art and Historical Treasures	89,872	85,846
Construction in Progress	82,918	21,266
Capital Assets, Net	\$ 2,162,148	\$ 2,087,045

MANAGEMENT’S DISCUSSION AND ANALYSIS



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

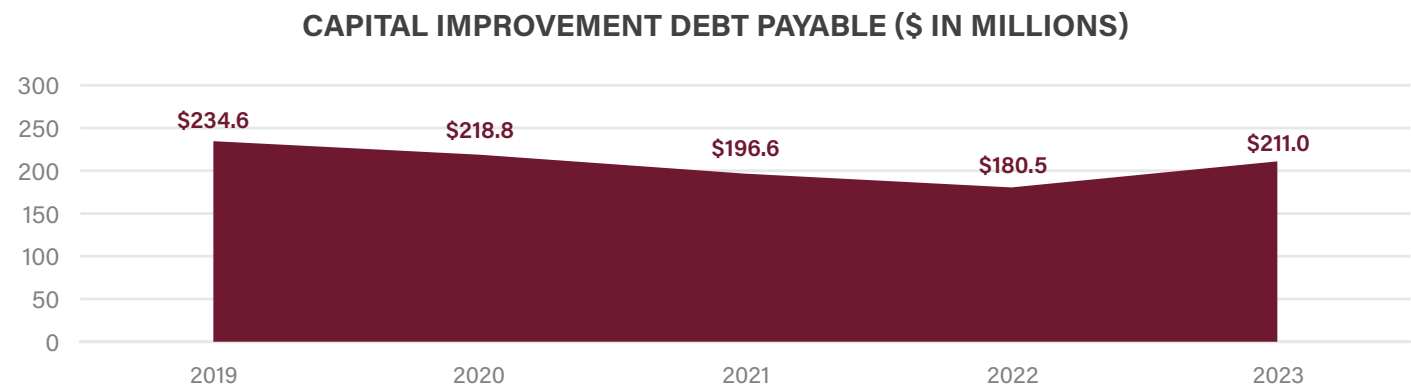
Debt Administration

As of June 30, 2023, the university had \$211 million in outstanding capital improvement debt payable, representing an increase of \$30.5 million, or 16.9 percent, from the prior fiscal year. The increase is related to debt issued during the 2022-23 fiscal year to finance a portion of the cost of constructing the new student union on the main campus of the university.

Effective July 1, 2022, the university reclassified long-term debt previously reported as other noncurrent liabilities to loans and notes payable and added right-to-use subscription-based information technology arrangements, due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

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

	2023	2022
Capital Improvement Debt Payable	\$ 210,987	\$ 180,473
Loans and Notes Payable	6,492	-
Right-to-Use Leases Payable	10,200	6,551
Right-to-Use SBITA Payable	63,886	-
Other Noncurrent Liabilities	-	7,833
Total	\$ 291,565	\$ 194,857



Additional information about the university’s long-term debt is presented in Note 10 to the financial statements.

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.

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

(In Thousands)

	2022-23	2021-22
Operating Revenues	\$ 888,120	\$ 798,139
Less, Operating Expenses	(1,630,113)	(1,512,026)
Operating Loss	(741,993)	(713,887)
Net Nonoperating Revenues	888,162	840,225
Income (Loss) Before Other Revenues	146,169	126,338
Other Revenues	32,568	64,858
Net Increase in Net Position	178,737	191,196
Net Position, Beginning of Year	2,326,125	2,134,929
Net Position, End of Year	\$ 2,504,862	\$ 2,326,125

Revenues

Revenues

(In Thousands)

	2022-23	2021-22
Net Tuition and Fees	\$ 307,785	\$ 314,240
Grants and Contracts	256,816	231,025
Sales and Services of Auxiliary Enterprises	313,200	241,966
Other	10,319	10,908
Operating Revenues	888,120	798,139
State Noncapital Appropriations	600,076	519,136
Federal and State Student Financial Aid	172,020	227,680
Noncapital Grants, Contracts, and Gifts	78,369	132,559
Other	51,754	(32,802)
Nonoperating Revenues	902,219	846,573
State Capital Appropriations	24,711	15,297
Capital Grants, Contracts, Donations, and Fees	7,857	49,561
Other Revenues	32,568	64,858
Total Revenues	\$ 1,822,907	\$ 1,709,570

The university's total operating revenues were higher by \$90 million, or 11.3 percent, over the 2021-22 fiscal year. Net tuition and fees were down \$6.5 million, representing a decrease of only 2.1 percent. The \$25.8 million, or 11.2 percent, increase in grants and contracts revenues resulted mainly from an increase in federal grants and contracts activity at the National High Magnetic Field Laboratory (NHMFL) and College of Nursing. Sales and services of auxiliary enterprises increased by \$71.2 million, or 29.4 percent, with the largest driver of the overall auxiliary revenue increase driven by the Northwest Regional Data Center, which absorbed the State's data center operations at the beginning of the fiscal year.

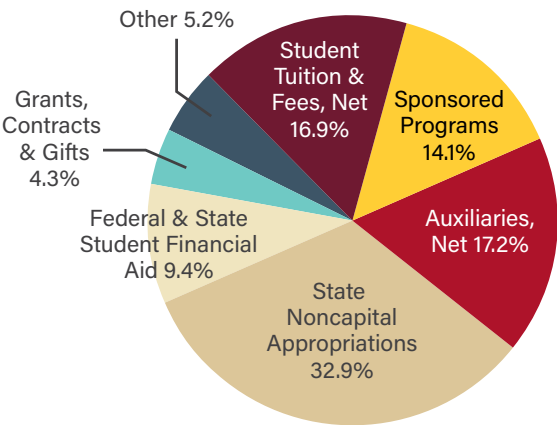
Nonoperating revenues increased by \$55.6 million, or 6.6 percent, from the 2021-22 fiscal year. Significant growth in recurring General Revenue and Lottery appropriations as part of the State of Florida's overall budget drove the \$80.9 million, or 15.6 percent, increase in State noncapital appropriations. Federal and State student financial aid decreased by \$55.7 million, or 24.4 percent, whereas noncapital grants, contracts, and gifts were lower by \$54.2 million, or 40.9 percent. Both decreases were due to the completion of the Higher Education Emergency Relief Fund (HEERF) grant program in the prior fiscal year. Other nonoperating revenues increased by \$84.6 million, or 257.8 percent, mainly due to increases in investment income of \$13.5 million and the change in the fair value of underlying securities held in the State Treasurer's Investment Pool of \$71.3 million.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Other revenues, which are comprised of capital appropriations, grants, contracts, donations, and fees, decreased by \$32.3 million, or 49.8 percent, primarily due to a one-time capital donation of \$44 million related to the IRCB in the prior fiscal year which was slightly offset by an increase in State capital appropriations of \$9.4 million during the current fiscal year.

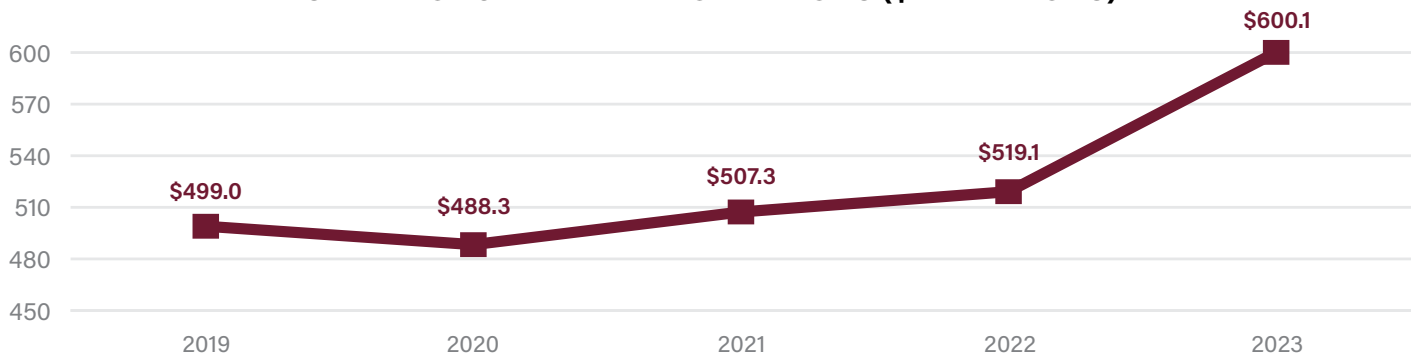
Generally, the university has a diversified revenue base. The single largest major source generated a third of total revenues in fiscal year 2023.

2023 REVENUES BY MAJOR SOURCE



While revenues are well diversified, the university’s largest source, State noncapital appropriations, have been steadily rising over the past five years. This rise highlights the consistent support the university receives from the State of Florida.

STATE NONCAPITAL APPROPRIATIONS (\$ IN MILLIONS)



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.

Expenses
(In Thousands)

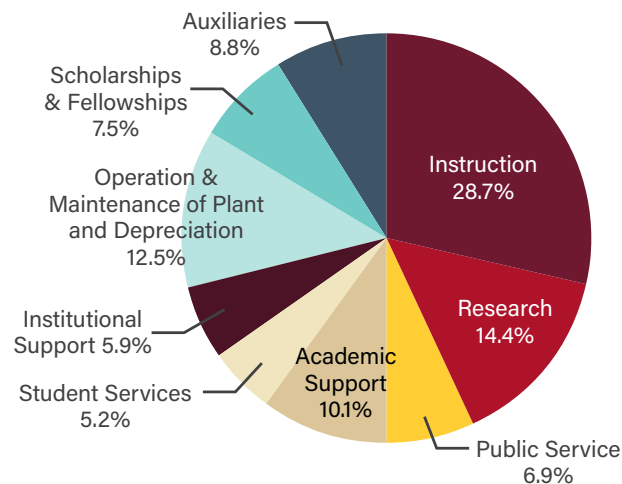
	2022-23	2021-22
Compensation and Employee Benefits	\$ 950,888	\$ 869,671
Services and Supplies	404,689	338,689
Utilities and Communications	42,724	35,566
Scholarships and Fellowships	122,137	172,537
Depreciation	109,675	95,563
Operating Expenses	1,630,113	1,512,026
Nonoperating Expenses	14,057	6,348
Total Expenses	\$ 1,644,170	\$ 1,518,374

Operating expenses increased by \$118.1 million, or 7.8 percent, over the 2021-22 fiscal year. Compensation and employee benefits were higher by \$81.2 million, or 9.3 percent, partially due to the university's proportional share of the State's net pension and other postemployment benefit expenses, which saw a \$34.5 million net increase. Excluding these charges, compensation and employee benefits otherwise rose by \$46.7 million, or 5.4 percent, primarily due to salary increases for university personnel. Expenses for services and supplies grew by \$66 million, or 19.5 percent, which was attributable to a variety of factors. Some of the most significant drivers were the addition of the State's data center, increased activity at the NHMFL, and higher travel expenses. Utilities and communications expenses rose by \$7.2 million, or 20.1 percent, due to a combination of increases in demand and rates for electrical and other utility services as well as communication network materials and supplies. Scholarships and Fellowships were lower by \$50.4 million, or 29.2 percent, mainly due to the completion of student aid disbursed under the HEERF grant program in the prior fiscal year.

Nonoperating expenses increased by \$7.7 million, or 121.4 percent, mainly due to increases in interest on capital asset-related debt of \$3.5 million resulting from a bond issue for the cost of constructing the new student union, and the change in the disposal of capital assets of \$3.7 million.

A proportional breakdown of operating expenses by functional classification follows.

2023 OPERATING EXPENSES BY FUNCTION



MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Condensed Statement of Cash Flows

(In Thousands)

	2022-23	2021-22
Cash Provided (Used) by:		
Operating Activities	\$ (640,032)	\$ (621,858)
Noncapital Financing Activities	857,659	864,789
Capital and Related Financing Activities	(46,962)	(91,376)
Investing Activities	(166,122)	(146,779)
Net Increase (Decrease) in Cash and Cash Equivalents	4,543	4,776
Cash and Cash Equivalents, Beginning of Year	17,455	12,679
Cash and Cash Equivalents, End of Year	\$ 21,998	\$ 17,455

Major sources of funds came from State noncapital appropriations (\$600.3 million), net student tuition and fees (\$306.2 million), grants and contracts (\$250.8 million), sales and services of auxiliary enterprises (\$306.5 million), and Federal and State student financial aid (\$172 million). Major uses of funds were for payments made to and on behalf of employees (\$940.4 million), payments to suppliers (\$453 million), payments to and on behalf of students for scholarships (\$122.1 million), and the purchase or construction of capital assets (\$110.7 million).

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

As a public institution, the condition of the State of Florida's economy is the primary factor impacting the university's future. In July 2023, the Florida Economic Estimating Conference adopted a new forecast for the State's economy, which while largely unchanged from its previous estimate, did show a small increase in General Revenue collections. The Conference anticipates that economic expansion of the State's economy will drop from the healthy 3 percent experienced for the 2022-23 fiscal year to a more characteristic 2.5 percent for the 2023-24 fiscal year as economic imbalances continue to weigh on the economy. Thereafter, it is expected to grow 1.7 and 2.4 percent for the 2024-25 and 2026-27 fiscal years, respectively.

The university's 2023-24 operating budget adopted by the Florida Legislature included total recurring General Revenue and Lottery funding for the University of \$627.9 million, which represented a 21.4 percent increase as compared to the prior fiscal year. This year's record-breaking State budget was the single largest factor behind the double-digit percentage increase to the university's operating budget. Also, State Capital Appropriations exceeded \$100 million for various capital projects across campus. These included \$40 million for the Dittmer Chemistry Laboratory, \$30 million for the Academic Support Building, \$20 million for the FAMU/FSU College of Engineering, and \$10 million for the Veterans Legacy Complex.

The Florida Legislature's recent investment in FSU Health will give the university a vehicle for not only growing its research portfolio, but also to build a clinical practice and health education that translates research into services for patients across the Big Bend and Panhandle – and eventually to the State and nation. FSU Health will transform how our community accesses world-class health care and will measurably improve health outcomes in the region.

Moving forward, FSU will continue to strategically invest in areas that will contribute to student success and help advance our goals as we strive for even greater academic and research excellence.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the University Controller's Office, Florida State University, 2200A University Center, Tallahassee, Florida 32306.



STATEMENT OF NET POSITION

AS OF JUNE 30, 2023 (in thousands)

	UNIVERSITY	COMPONENT UNITS
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 20,805	\$ 36,494
Investments	969,768	183,622
Accounts Receivable, Net	67,873	15,409
Loans and Notes Receivable, Net	394	235
Leases Receivable	448	197
Due from State	246,275	554
Due from Component Units/University	4,511	37,308
Inventories	2,736	167
Other Current Assets	14,803	5,845
Total Current Assets	1,327,613	279,831
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	1,193	47,122
Restricted Investments	282,485	929,908
Loans and Notes Receivable, Net	3,473	41,954
Leases Receivable	7,245	-
Depreciable Capital Assets, Net	1,893,822	250,617
Nondepreciable Capital Assets	268,326	15,345
Other Noncurrent Assets	3,593	196,756
Total Noncurrent Assets	2,460,137	1,481,702
TOTAL ASSETS	3,787,750	1,761,533
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	117,826	-
Related to Other Postemployment Benefits	64,117	-
Loss on Debt Refunding	-	1,115
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 20,706	\$ 16,292
Construction Contracts Payable	16,312	-
Salaries and Wages Payable	20,363	89
Deposits Payable	3,523	23
Due to Component Units/University	37,889	5,204
Unearned Revenue	298,503	11,149
Other Current Liabilities	1,056	8,404
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	17,263	-
Bonds Payable	-	7,078
Loans and Notes Payable	1,330	1,296
Right-to-Use Leases Payable	1,464	1,328
Right-to-Use SBITA Payable	7,798	588
Accrued Self-Insurance Claims	17	-
Compensated Absences Payable	7,495	36
Other Postemployment Benefits Payable	4,143	-
Revenue Received in Advance	2,886	28,055
Net Pension Liability	64	-
Other Noncurrent Liabilities	703	-
Total Current Liabilities	441,515	79,542

STATEMENT OF NET POSITION

AS OF JUNE 30, 2023 (in thousands)

	UNIVERSITY	COMPONENT UNITS
Noncurrent Liabilities:		
Capital Improvement Debt Payable	193,724	-
Bonds Payable	-	122,416
Loans and Notes Payable	5,162	86,485
Right-to-Use Leases Payable	8,736	4,512
Right-to-Use SBITA Payable	56,088	214
Accrued Self-Insurance Claims	532	-
Compensated Absences Payable	85,119	814
Other Postemployment Benefits Payable	160,626	-
Revenue Received in Advance	18,193	5,398
Net Pension Liability	338,236	-
Other Noncurrent Liabilities	1,848	14,596
Total Noncurrent Liabilities	868,264	234,435
TOTAL LIABILITIES	1,309,779	313,977
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	20,847	-
Related to Other Postemployment Benefits	126,811	-
Leases	7,394	3,042
Split-Interest Agreements for Remainder Interests	-	3,684
Trusts Held by Others	-	8,405
Other	-	1,455
NET POSITION		
Net Investment in Capital Assets	\$ 1,859,158	\$ 87,334
Restricted for Nonexpendable, Endowment	-	571,532
Restricted for Expendable:		
Debt Service	333	53,898
Loans	4,367	-
Capital Projects	242,967	82,933
Other	216,927	9,353
Endowment	-	450,007
Unrestricted	181,110	177,028
TOTAL NET POSITION	\$ 2,504,862	\$ 1,432,085

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

	UNIVERSITY	COMPONENT UNITS
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowances of \$141,224	\$ 307,785	\$ -
Federal Grants and Contracts	215,303	-
State and Local Grants and Contracts	26,110	-
Nongovernmental Grants and Contracts	15,403	-
Sales and Services of Auxiliary Enterprises, Net of Scholarship Allowances of \$20,113	313,200	-
Sales and Services of Component Units	-	47,408
Royalties and Licensing Fees	-	5,221
Gifts and Donations	-	90,168
Interest on Loans and Notes Receivable	674	-
Other Operating Revenues	9,645	17,216
Total Operating Revenues	888,120	160,013
OPERATING EXPENSES		
Compensation and Employee Benefits	950,888	34,653
Services and Supplies	404,689	143,307
Utilities and Communications	42,724	73
Scholarships and Fellowships	122,137	-
Depreciation	109,675	13,419
Total Operating Expenses	1,630,113	191,452
OPERATING LOSS	(741,993)	(31,439)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	600,076	-
Federal and State Student Financial Aid	172,020	-
Noncapital Grants, Contracts, and Gifts	78,369	1,336
Investment Income, Net of Expenses	20,926	35,624
Net Increase in the Fair Value of Investments	29,009	34,913
Other Nonoperating Revenues	1,819	6,255
Gain (Loss) on Disposal of Capital Assets	(1,630)	(733)
Interest on Capital Asset-Related Debt	(11,438)	(7,543)
Other Nonoperating Expenses	(989)	(23,483)
NET NONOPERATING REVENUES (EXPENSES)	888,162	46,369
Income (Loss) Before Other Revenues	146,169	14,930
State Capital Appropriations	24,711	-
Capital Grants, Contracts, Donations, and Fees	7,857	50,612
Additions to Permanent Endowments	-	23,868
Increase (Decrease) in Net Position	178,737	89,410
Net Position, Beginning of Year	2,326,125	1,342,675
NET POSITION, END OF YEAR	\$ 2,504,862	\$ 1,432,085

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

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

	UNIVERSITY
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	\$ 306,154
Grants and Contracts	250,800
Sales and Services of Auxiliary Enterprises	306,534
Interest on Loans Receivable	674
Other Operating Receipts	11,150
Payments to Employees	(940,371)
Payments to Suppliers for Goods and Services	(452,974)
Payments to Students for Scholarships and Fellowships	(122,137)
Self-Insurance Claims	53
Collections on Loans to Students	85
Net Cash Used by Operating Activities	(640,032)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	600,339
Noncapital Grants, Contracts, and Gifts	79,321
Federal and State Student Financial Aid	172,020
Federal Direct Loan Program Receipts	156,155
Federal Direct Loan Program Disbursements	(156,499)
Net Change in Funds Held for Others	(265)
Other Nonoperating Receipts	9,338
Other Nonoperating Disbursements	(2,750)
Net Cash Provided by Noncapital Financing Activities	857,659
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	75,539
State Capital Appropriations	57,014
Capital Grants, Contracts, Donations, and Fees	3,237
Capital Subsidies and Transfers	40
Purchase or Construction of Capital Assets	(110,710)
Principal Paid on Capital Debt, and Leases, and SBITA	(59,877)
Interest Paid on Capital Debt, and Leases, and SBITA	(12,843)
Principal Received on Leases	429
Interest Received on Leases	209
Net Cash Used by Capital and Related Financing Activities	(46,962)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,432,362
Purchase of Investments	(1,618,574)
Investment Income	20,090
Net Cash Used by Investing Activities	(166,122)
Net Increase in Cash and Cash Equivalents	4,543
Cash and Cash Equivalents, Beginning of Year	17,455
Cash and Cash Equivalents, End of Year	\$ 21,998
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (741,993)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	109,675
Change in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Other Receivables, Net	(13,942)
Inventories	(140)
Loans and Notes Receivable, Net	(478)
Deferred Charges and Other Assets	608
Accounts Payable	5,407
Salaries and Wages Payable	2,127
Self-Insurance Claims	53
Deposits Payable	3
Compensated Absences Payable	5,997
Other Postemployment Benefits Payable	(37,726)
Unearned Revenue	2,427
Pension Liability	208,312
Pension Deferred Outflows	(23,958)
Pension Deferred Inflows	(184,020)
Other Postemployment Benefits Deferred Outflows	(8,921)
Other Postemployment Benefits Deferred Inflows	48,704
Other Liabilities	(12,167)
NET CASH USED BY OPERATING ACTIVITIES	\$ (640,032)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES	
The following items were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows:	
Unrealized gains on investments	\$ 29,009
Losses on disposal of capital assets	\$ (1,630)

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 thirteen members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the university are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the university, which provide governance in accordance with State law and Board of Governors' Regulations. The Trustees select the University President. The University President serves as the Executive Officer and the Corporate Secretary of the Trustees and is responsible for administering 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 organizations met all of the financial accountability criteria necessary for inclusion as discretely presented component units and therefore are included within the university reporting entity, or are included based on the nature and significance of their relationship with the university.

These organizations and their purposes are explained as follows:

- ◆ **The Florida State University Foundation, Inc. (Foundation)** - The university's fundraising and private support programs are accounted for and reported separately by the Foundation. The Foundation revenues include unrestricted and restricted gifts and grants, rental income, and investment income. The Foundation expenses include scholarship distributions to students and departmental faculty, staff development support, various memorials and class projects, departmental research, and administrative costs of the Foundation's development program.
- ◆ **Seminole Boosters, Inc. (Boosters)** - The primary purpose of the Boosters is to stimulate and promote the education, health, and physical welfare of university students by providing financial support from the private sector for the Intercollegiate Athletic Program. Funds raised by the Boosters are utilized for scholarships, recruiting expenses, and authorized travel and entertainment in accordance with the rules and regulations of the National Collegiate Athletic Association. The Boosters' financial information includes the activities of the Florida State University Financial Assistance, Inc., as a blended component unit.
- ◆ **The Florida State University Research Foundation, Inc. (Research Foundation)** - The Research Foundation was established to promote and assist the research and training activities of the university through income from contracts, grants, and other sources, including income derived from the development and commercialization of the university's work products.
- ◆ **Florida State University International Programs Association, Inc. (International Programs Association)** - The purpose of the International Programs Association is to promote intercultural activities among students, educators, and others. It provides teaching, studying, research, and conference opportunities to U.S. students, scholars, and other professionals and community groups through Florida State University Study-Abroad Programs in England, Italy, Costa Rica, and other sites.
- ◆ **Florida State University Schools, Inc. (School)** - The School is a charter school established pursuant to Section 1002.33(5)(a), Florida Statutes. The School provides a setting where university faculty, School faculty, and graduate students can design, demonstrate, and analyze the effectiveness of new instructional materials, technological advances, and strategies under controlled conditions. It also offers an environment for the systematic research, evaluation, and development of commercial or prototype materials and techniques adaptable to other Florida public schools and is supported by School and university researchers or private sector partners.
- ◆ **Florida State University Alumni Association, Inc. (Alumni Association)** - The Alumni Association serves as a connecting link between alumni and the university. The nature and purpose of the Alumni Association is to aid, strengthen, and expand the university and its alumni. The Alumni Association utilizes private gifts, devises, other contributions, and advertising income to publish and exchange information with university alumni, to assist the university's development programs, and to provide public and community service.
- ◆ **The John and Mable Ringling Museum of Art Foundation, Inc. (Ringling Museum Foundation)** - The Ringling Museum Foundation was established to provide charitable and educational aid to the university's John and Mable Ringling Museum of Art.
- ◆ **Florida Medical Practice Plan, Inc. (FMPP)** - FMPP's purpose is to improve and support medical education in the Florida State University College of Medicine.

- ◆ **Florida State University Magnet Research and Development, Inc. (Magnet Research and Development)** - The Magnet Research and Development organization was incorporated to promote, encourage, and assist the research and training activities of faculty, staff, and students of the university and specifically to design, develop, invent, assemble, construct, test, repair, maintain, and fabricate magnets or magnet systems of any type or design.
- ◆ **The Florida State University Real Estate Foundation, Inc. (Real Estate Foundation)** - The Real Estate Foundation was established to receive, hold, manage, lease, develop, or sell real estate, and to make expenditures, grants, and contributions to or for the benefit of the university.
- ◆ **The Florida State University College of Business Student Investment Fund, Inc. (Student Investment Fund)** - The Student Investment Fund was established to support a student managed investment fund and other FSU College of Business programs.
- ◆ **Florida State University Athletics Association, Inc. (Athletics Association)** - The Athletics Association was established to administer varsity collegiate athletics for and on behalf of Florida State University, including oversight, governance, and coordination between the Department of Intercollegiate Athletics and Seminole Boosters, Inc.
- ◆ **Florida State University Panama City Developmental Laboratory Charter School, Inc. (The Collegiate School)** - The Collegiate School was established to provide a quality education for all students enrolled in the program that prepares graduates for success in post-secondary education and the workplace with the committed involvement of post-secondary, business, and community partners. There was no activity during the 2022-23 fiscal year.

An annual audit of each operational organization's financial statements is conducted by independent certified public accountants. The annual reports are submitted to the Auditor General and the university Board of Trustees. Additional information on the university's discretely presented component units, including copies of audit reports, is available by contacting the University Controller. Condensed financial statements for the university's discretely presented component units are disclosed 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 which allows public universities various reporting options. The university has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity wide reporting including the following components:

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

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. The statement of revenues, expenses, and changes in net position is presented by major sources of operating revenues, natural classifications of operating expenses, nonoperating revenues and expenses, and all other activity not otherwise classified. 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*.

Measurement Focus and Basis of Accounting

The university's and its discretely presented component units' financial statements are presented using the economic resources measurement focus, which aims to report all inflows, outflows, and balances affecting or reflecting an entity's net position, and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents

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

Investments and Fair Value Measurement

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.

Other Current Assets

Other Current Assets are primarily made up of prepaid items, which represent payments for goods and services that will benefit future periods.

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, right-to-use assets, 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, except for right-to-use assets as discussed below. 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 buildings and other improvements, and \$4,000,000 for intangible assets.

Depreciation is computed on the straight-line basis over the following estimated useful lives:

- ◆ Buildings, Infrastructure and Other Improvements – 10 to 50 years
- ◆ Furniture and Equipment – 3 to 20 years
- ◆ Library Resources - 10 years
- ◆ Computer Software – 5 years

Leases

Leases consist of contracts that convey control of the right to use an underlying asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The university recognizes a lease receivable and deferred inflow of resources when it is the lessor party to a contract, or an intangible right-to-use lease asset and lease liability when it is the lessee party to a contract. The expected receipts or payments are discounted using the interest rate stated in the contract, if available, or are otherwise discounted using an estimated incremental borrowing rate. The university applies a materiality threshold of \$5,000 for equipment and \$100,000 for space based on the present value of expected receipts or payments over the term of the contract. Lease amounts are amortized over the shorter of the contract term or the useful life of the underlying asset.

Noncurrent Liabilities

Noncurrent liabilities include capital improvement debt payable, loans and notes payable, leases payable, SBITA payable, accrued self-insurance claims, compensated absences payable, other postemployment benefits payable, revenue received in advance, net pension liability, and other noncurrent liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt payable is reported net of unamortized premium or discount. The university amortizes debt premiums and discounts over the life of the debt using the straight-line method.

Compensated Absences

Employees earn vacation and sick leave each pay period and can carryforward unused balances up to certain amounts each calendar year. The university calculates the compensated absences liability based on recorded balances of unused leave as of the end of the fiscal year for which the university expects to compensate employees through paid time off or cash payments at termination. Upon termination of employment, employees are entitled to be paid for any accumulated unused leave up to the maximum allowable amounts.

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements consist of contracts that convey control of the right to use another party's information technology software as specified in the contract for a period of time in an exchange or exchange-like transaction. The university recognizes an intangible right-to-use SBITA asset and liability. The expected payments are discounted using the interest rate stated in the contract, if available, or are otherwise discounted using an estimated incremental borrowing rate. The university applies a materiality threshold of \$4,000,000 based on the present value of expected payments over the term of the contract. Amounts are amortized over the shorter of the contract term or the useful life of the underlying asset.

Pensions

For the 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 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.

Other Postemployment Benefits

For the purposes of measuring the net postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to postemployment benefits, and benefit expense, information about the fiduciary net positions of the Florida Division of State Group Insurance Other Postemployment Benefits Plan (OPEB Plan) and additions to/deductions from the OPEB Plan fiduciary net positions have been determined on the same basis as they are reported by the OPEB Plan. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Net Position

The university's components of net position are classified as follows:

Net Investment in Capital Assets - Represents the university's total investment in capital assets, net of accumulated depreciation and net of outstanding debt obligations and deferred outflows/inflows of resources related to those capital assets.

Nonexpendable Restricted Net Position - Consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be expendable or added to principal. All endowment and similar type funds are held by the university's component units.

Expendable Restricted Net Position - Includes resources in which the university is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted Net Position - Represents resources derived from student tuition and fees, State appropriations, and the sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the university and may be used at the discretion of the governing board to meet current expenses for any purpose.

When both restricted and unrestricted resources are available to fund certain programs, generally it is the university's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

Operating Revenues and Expenses

The university's principal operating activities consist of instruction, research, and public service. Operating revenues include activities that have characteristics of exchange transactions, such as student fees, net of scholarship discounts and allowances; sales and services of auxiliary enterprises; and Federal, State, local and nongovernmental grants and contracts.

Operating expenses include scholarships and fellowships for students, operation and maintenance of capital assets, depreciation on capital assets, and all other fiscal transactions directly related to the university's principal operating activities as well as those related to the academic and general administration of the university.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenue from students, are reported net of scholarship discounts and allowances, which are the differences between the stated charge for goods and services provided by the university and the amount that is actually paid by a student or a third party making payment on behalf of the student. Certain governmental grants, such as Pell grants, and other Federal, State, or nongovernmental programs, such as the Florida Bright Futures Program, are recorded as nonoperating revenues in the university's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the university has recorded a scholarship discount and allowance.

The university applied the "Direct Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net scholarship discounts and allowances.

Nonoperating Revenues and Expenses

Nonoperating revenues include activities that have characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. Nonoperating revenues include State noncapital appropriations; Federal and State student financial aid; Noncapital grants, contracts, and gifts; and investment income. Nonoperating expenses include interest on capital asset-related debt and losses on the disposal of capital assets.

2. REPORTING CHANGES

The university implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement establishes that a subscription-based information technology arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. As a result of implementation, changes were made to Note 8 Capital Assets, and Note 10 Long-Term Liabilities. There was no effect to beginning net position.

3. UNRESTRICTED NET POSITION

The university had an unrestricted net position of \$181,109,556 at June 30, 2023. This includes the full recognition of long-term liabilities expected to be financed in future years. The effect of these items on the university's unrestricted net position is shown below:

Description	Amount
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources	\$ 742,507,678
Amount Expected to be Financed in Future Years:	
Compensated Absences Payable	92,614,663
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	227,463,150
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	241,320,309
Total Amount Expected to be Financed in Future Years	(561,398,122)
Total Unrestricted Net Position	\$ 181,109,556

4. INVESTMENTS

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

The university's investments at June 30, 2023, are reported as follows:

Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 796,052,479	\$ -	\$ -	\$ 796,052,479
State Board of Administration Debt Service Accounts	113,586	113,586	-	-
Mutual Funds:				
Bonds	8,238,401	8,238,401	-	-
Equities	4,032,186	4,032,186	-	-
Other Investments	8,875,312	-	-	8,875,312
Total Investments by Fair Value Level	\$ 817,311,964	\$ 12,384,173	\$ -	\$ 804,927,791
Investments at Amortized Cost				
SBA Florida PRIME	434,941,778			
Total Investments	\$ 1,252,253,742			

Investments held by the university's component units at June 30, 2023, are reported as follows:

Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Domestic Stocks	\$ 107,692,252	\$ 107,692,252	\$ -	\$ -
International Stocks	3,763,120	3,763,120	-	-
Mutual Funds	65,019,038	65,019,038	-	-
Real Estate Investments	4,190,000	-	-	4,190,000
Other Investments	144,309,482	16,003,811	-	128,305,671
Total Investments by Fair Value Level	\$ 324,973,892	\$ 192,478,221	\$ -	\$ 132,495,671
Investments Measured at the Net Asset Value (NAV)				
Domestic Stocks	180,015,522			
International Stocks	180,294,820			
Real Estate Investments	17,159,140			
Hedge Funds	93,054,399			
Private Credit	9,963,494			
Private Equity Funds	201,839,329			
Private Real Estate Funds	66,340,014			
Total Investments Measured at NAV	748,666,718			
Other				
SBA Florida PRIME	38,751,441			
Other Investments	1,137,715			
Total Other Investments	39,889,156			
Total Investments	\$ 1,113,529,766			

The university's component units' investments measured at the net asset value (NAV), as of June 30, 2023, totaled \$748,666,718 as follows:

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic Stocks	\$ 180,015,522	\$ -	Daily to semi-annually	2–60 days
International Stocks	180,294,820	-	Daily to semi-annually	2–60 days
Real Estate Investments	17,159,140	-	Daily	2 days
Hedge Funds	93,054,399	2,334,252	Monthly to every 3 years	10–90 days
Private Credit	9,963,494	667,093		
Private Equity Funds	201,839,329	75,903,556		
Private Real Estate Funds	66,340,014	18,544,442		
Total Investments Measured at NAV	\$ 748,666,718	\$ 97,449,343		

Investments measured at net asset value are comprised of the following categories:

- ◆ Domestic Stocks - equity interests in domestic institutional pooled funds.
- ◆ International Stocks - equity interests in global and emerging market institutional pooled funds.
- ◆ Real Estate - equity interests in global real estate institutional pooled funds, and a real estate limited partnership.
- ◆ Hedge Funds - interests in offshore funds that invest both long and short in domestic and international equities as well as absolute return strategy interests in offshore funds that are designed to produce results that are largely independent of, or have low correlation to, the broader markets.
- ◆ Private Credit - fixed income investments in private debt.
- ◆ Private Equity - interests in several limited partnership funds that invest in private equity, venture capital, and distressed assets.
- ◆ Private Real Estate - interests in several limited partnership funds that invest in real estate and natural resources.

External Investment Pools

The university reported investments at fair value totaling \$796,052,479 at June 30, 2023, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The SPIA carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.02 years, and a fair value factor of 0.9667 at June 30, 2023. Participants contribute to the Treasury 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 participants' 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.

The university reported investments totaling \$434,941,778 at June 30, 2023, in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The Research Foundation and Magnet Research and Development reported investments in Florida PRIME totaling \$38,477,945 and \$273,496, respectively, at June 30, 2023. These investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, at June 30, 2023, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard & Poor's and had a weighted average days to maturity (WAM) of 37 days as of June 30, 2023. A portfolio's WAM reflects the average maturity in days, based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

State Board of Administration Debt Service Accounts

The university reported investments at fair value totaling \$113,586 at June 30, 2023, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the university. The university's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The university relies on policies developed by the SBA for managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the State's Annual Comprehensive Financial Report.

Other Investments

In addition to external investment pools, the university and its discretely presented component units invested in various debt and equity securities, mutual funds, and real estate funds. The following are required risk disclosures applicable to investments of the university as well as its discretely presented component units.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The university has investments in bond mutual funds that are subject to interest rate risk. Additionally, investments of the university's discretely presented component units in debt securities, bonds and notes, and bond mutual funds are also subject to interest rate risk. These investments and their future maturities at June 30, 2023, are as follows:

	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-10	Greater Than 10	
University	\$ 8,238,401	\$ -	\$ 8,238,401	\$ -	
Discretely Presented Component Units	\$ 149,139,311	\$ 229,352	\$ 148,909,959	\$ -	

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States government or obligations explicitly guaranteed by the United States government are not considered to have credit risk (by the GASB) and do not require disclosure of credit quality. The university and the university's discretely presented component units held bond mutual funds which have underlying investments with quality ratings by nationally recognized rating agencies at June 30, 2023, as follows:

	Fair Value	United States Government	AAA	AA/Aa	A/Ba	Less Than A/Ba or Not Rated
University	\$ 8,238,401	\$ -	\$ -	\$ 8,238,401	\$ -	\$ -
Discretely Presented Component Units	\$ 149,139,311	\$ 40,716,283	\$ 45,645,929	\$ 6,617,925	\$ 46,176,255	\$ 9,982,919

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the component unit will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk relates to investment securities that are held by someone other than the component unit and are not registered in the component unit's name. Neither the university nor its discretely presented component units have identified any investments falling into this category as of June 30, 2023.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the component unit's investment in a single issuer. The university's discretely presented component units manage their concentration of credit risk based on various investment policies, which may be obtained separately from the discretely presented component units.

5. RECEIVABLES

Accounts Receivable

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

As of June 30, 2023, the university reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	\$ 16,193,102
Grants and Contracts	26,710,486
Sales and Services of Auxiliary Enterprises	25,997,564
Interest	1,684,822
Other	1,520,522
Total Accounts Receivable	\$ 72,106,496

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. Loans and notes receivable totaled \$4,219,643 at June 30, 2023.

Leases Receivable

The university leases space to external parties for various terms under long-term non-cancelable leases. The leases expire at various dates through 2042. Lease revenue totaling \$579,806 and interest revenue of \$209,234 were recognized during the 2022-23 fiscal year in accordance with GASB Statement No. 87, *Leases*. Future rights to remaining leases receivable as of June 30, 2023, are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2024	\$ 448,479	\$ 198,780	\$ 647,259
2025	471,584	188,864	660,448
2026	413,960	175,188	589,148
2027	444,500	169,170	613,670
2028	465,123	159,848	624,971
2029-2033	2,704,485	605,733	3,310,218
2034-2038	1,698,210	270,552	1,968,762
2039-2042	1,047,018	70,029	1,117,047
Total Leases Receivable	\$ 7,693,359	\$ 1,838,164	\$ 9,531,523

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 \$4,233,121 and \$352,515, respectively, at June 30, 2023. No allowance has been accrued for grants and contracts receivable or leases receivable as university management considers these to be fully collectible.

6. DUE FROM STATE

This amount consists of \$75,689,689 of Public Education Capital Outlay, \$169,309,848 of General Revenue for construction of facilities, and \$1,275,295 of State Student Financial Aid due from the State to the university.

7. DUE FROM AND TO COMPONENT UNITS/UNIVERSITY

The university's financial statements are reported for the fiscal year ended June 30, 2023. The university's component units' financial statements are reported as of the most recent fiscal year for which an audit report is available. One component unit has a fiscal year other than June 30. Accordingly, amounts reported by the university as due from and to component units on the statement of net position do not agree with amounts reported by the component units as due from and to the university.

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 95,535,554	\$ -	\$ -	\$ 95,535,554
Works of Art and Historical Treasures	85,845,880	4,033,909	6,905	89,872,884
Construction in Progress	21,265,654	84,672,763	23,020,728	82,917,689
Total Nondepreciable Capital Assets	\$ 202,647,088	\$ 88,706,672	\$ 23,027,633	\$ 268,326,127
Depreciable Capital Assets:				
Buildings	\$ 2,470,465,067	\$ 21,867,639	\$ -	\$ 2,492,332,706
Infrastructure and Other Improvements	170,384,116	437,408	-	170,821,524
Furniture and Equipment	390,942,629	23,700,886	10,147,637	404,495,878
Library Resources	183,695,270	8,635,697	3,091,734	189,239,233
Right-to-Use Lease Assets	7,384,540	4,962,689	-	12,347,229
Right-to-Use SBITA Assets (1)	-	71,302,405	-	71,302,405
Computer Software	49,174,492	-	-	49,174,492
Total Depreciable Capital Assets	3,272,046,114	130,906,724	13,239,371	3,389,713,467
Less, Accumulated Depreciation:				
Buildings	803,956,646	73,864,092	-	877,820,738
Infrastructure and Other Improvements	92,919,356	4,124,573	-	97,043,929
Furniture and Equipment	293,812,777	22,347,949	7,423,768	308,736,958
Library Resources	146,760,709	7,970,257	3,091,734	151,639,232
Right-to-Use Lease Assets	1,024,615	1,538,686	-	2,563,301
Right-to-Use SBITA Assets (1)	-	8,912,801	-	8,912,801
Computer Software	49,174,492	-	-	49,174,492
Total Accumulated Depreciation	1,387,648,595	118,758,358	10,515,502	1,495,891,451
Total Depreciable Capital Assets, Net	\$ 1,884,397,519	\$ 12,148,366	\$ 2,723,869	\$ 1,893,822,016

(1) Right-to-use SBITA assets were added due to implementation of GASB Statement No. 96. Beginning balance was not restated.

9. UNEARNED REVENUE

Unearned revenue includes capital appropriations for which the university had not yet received approval from the Florida Department of Education, as of June 30, 2023, to spend the funds, as well as grants and contracts, and auxiliary sales and services received prior to fiscal year end related to the subsequent accounting period.

As of June 30, 2023, the university reported the following amounts as unearned revenue:

Description	Amount
State Capital Appropriations	\$ 263,527,822
Grants and Contracts	10,609,356
Sales and Services of Auxiliary Enterprises	24,133,483
Other	232,453
Total Unearned Revenue	\$ 298,503,114

10. LONG-TERM LIABILITIES

Long-term liabilities of the university at June 30, 2023, include capital improvement debt payable, loans and notes payable, right-to-use leases payable, right-to-use SBITA payable, accrued self-insurance claims, compensated absences payable, other postemployment benefits payable, revenue received in advance, net pension liability, and other noncurrent liabilities.

Long-term liabilities activity for the fiscal year ended June 30, 2023, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	\$ 180,473,148	\$ 78,023,277	\$ 47,509,460	\$ 210,986,965	\$ 17,262,690
Loans and Notes Payable (1)	-	7,833,485	1,341,686	6,491,799	1,329,876
Right-to-Use Leases Payable	6,550,710	4,962,690	1,313,149	10,200,251	1,464,191
Right-to-Use SBITA Payable (2)	-	71,302,405	7,416,126	63,886,279	7,798,025
Accrued Self-Insurance Claims	495,602	92,847	39,995	548,454	16,857
Compensated Absences Payable	86,602,572	13,433,056	7,420,965	92,614,663	7,495,477
Other Postemployment Benefits Payable	202,495,049	144,210,021	181,936,205	164,768,865	4,143,269
Revenue Received in Advance	23,783,986	119,091	2,823,448	21,079,629	2,886,201
Net Pension Liability	129,987,494	319,341,433	111,028,971	338,299,956	64,073
Other Noncurrent Liabilities (1)	23,773,536	-	21,222,731	2,550,805	702,625
Total Long-Term Liabilities	\$ 654,162,097	\$ 639,318,305	\$ 382,052,736	\$ 911,427,666	\$ 43,163,284

(1) Other Noncurrent Liabilities were reclassified as Loans and Notes Payable. Beginning balance was not restated.

(2) Right-to-Use SBITA Payable were added due to implementation of GASB Statement No. 96. Beginning balance was not restated.

Capital Improvement Debt Payable

The university had the following capital improvement debt payable outstanding at June 30, 2023:

Capital Improvement Debt Type and Series	Amount of Original Issue	Principal Amount Outstanding	Unamortized Amount Outstanding (1)	Net Amount Outstanding	Interest Rates (Percent)	Maturity Date To
Auxiliary Revenue Debt:						
2014A Housing	\$ 46,085,000	\$ 25,075,000	\$ 3,512,357	\$ 28,587,357	3.25 - 5.0	2031
2015A Housing	59,575,000	45,515,000	3,252,450	48,767,450	3.0 - 5.0	2035
2021A Housing	24,780,000	21,805,000	4,169,006	25,974,006	2.0 - 5.0	2040
2023A Housing	24,395,000	24,395,000	5,148,205	29,543,205	5.0	2033
Total Student Housing Debt	154,835,000	116,790,000	16,082,018	132,872,018		
2014A Parking	13,485,000	1,445,000	427,745	1,872,745	5.0	2025
2021A Parking	11,850,000	8,710,000	44,550	8,754,550	5.0	2031
Total Student Parking Debt	25,335,000	10,155,000	472,295	10,627,295		
2005A Dining	10,000,000	1,520,000	-	1,520,000	3.58	2025
2021A Wellness Center	12,330,000	10,080,000	2,567,928	12,647,928	5.0	2030
2022A Union	44,695,000	43,335,000	3,383,175	46,718,175	4.0 - 5.0	2042
Total Auxiliary Debt	247,195,000	181,880,000	22,505,416	204,385,416		
2012 Research Foundation Revenue Debt	11,920,000	6,075,000	526,549	6,601,549	3.0 - 4.0	2031
Total Capital Improvement Debt	\$ 259,115,000	\$ 187,955,000	\$ 23,031,965	\$ 210,986,965		

(1) Unamortized amounts include bond discounts, premiums, and/or gains/losses on bond refundings.

NOTES TO FINANCIAL STATEMENTS

The university has pledged a portion of future housing rental revenues, traffic and parking fees, food service revenues, and assessed student transportation and student health fees based on credit hours to repay \$247.2 million in capital improvement (housing, parking, etc.) revenue bonds issued by the Florida Board of Governors on behalf of the university. Proceeds from the bonds provided financing to construct student parking garages, student housing facilities, a student union, wellness center, and dining facility. The bonds are payable solely from housing rental income, traffic and parking fees, food service revenues, and assessed student transportation, student health fees, and student facility use fees, and are payable through 2042. The university has committed to appropriate each year from the housing rental income, traffic and parking fees, food service revenues, and assessed student transportation, student health fees, and student facility use fees amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$239.6 million and principal and interest paid for the current year totaled \$24.1 million.

Revenue Pledged	Amount
Housing Rental Income	\$51,558,739
Traffic, Parking and Transportation Fees	12,463,627
Food Service Revenues	3,116,196
Student Health Fees	15,079,945
Student Facility Use Fees	4,036,529

On September 27, 2022, the Florida Board of Governors issued \$44,695,000 of Florida State University Mandatory Student Facility Fee Revenue Bonds, Series 2022A with interest rates ranging from 4 percent to 5 percent. The proceeds from this debt was used to finance a portion of the cost of constructing the new student union on the main campus of the university and the demolition of the prior student union which was located on the site.

On February 1, 2023, the Florida Board of Governors issued \$24,395,000 of Florida State University Dormitory Revenue Refunding Bonds, Series 2023A with an interest rate of 5 percent. The proceeds from this debt were used to defease \$27,885,000 of outstanding State of Florida, Board of Governors, Florida State University Dormitory Revenue Bonds, Series 2013A. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$3,619,286 over the next ten years and obtained an economic gain of \$3,154,685.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	General		Direct Placement		Total
	Principal	Interest	Principal	Interest	
2024	\$ 14,200,000	\$ 8,309,712	\$ 740,000	\$ 55,323	\$ 23,305,035
2025	14,885,000	7,606,412	780,000	28,312	23,299,724
2026	14,855,000	6,869,113	-	-	21,724,113
2027	14,005,000	6,133,563	-	-	20,138,563
2028	14,695,000	5,448,312	-	-	20,143,312
2029-2033	70,220,000	17,389,994	-	-	87,609,994
2034-2038	29,500,000	5,456,900	-	-	34,956,900
2039-2042	14,075,000	1,321,800	-	-	15,396,800
Subtotal	186,435,000	58,535,806	1,520,000	83,635	246,574,441
Plus: Unamortized Premiums and (Discounts), Net	23,031,965	-	-	-	23,031,965
Total	\$ 209,466,965	\$ 58,535,806	\$ 1,520,000	\$ 83,635	\$ 269,606,406

Direct placements are defined by GASB as debt obligations that have terms negotiated directly with an investor and are not offered for public sale. The 2005A Dining issue is the only direct placement of the university's capital improvement debt payable. All the remaining issues were offered for public sale.

Loans and Notes Payable

The university has financed purchases related to direct borrowing agreements entered into for equipment totaling \$6,491,799 with stated interest rates ranging from zero to 3.295 percent. Direct borrowings are defined by GASB as debt obligations that have terms negotiated directly with a lender and are not offered for public sale. Future minimum payments under the agreements and the present value of the minimum payments as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,329,876	\$ 153,828	\$ 1,483,704
2025	1,236,567	123,705	1,360,272
2026	1,267,501	92,771	1,360,272
2027	1,299,269	61,003	1,360,272
2028	838,157	30,592	868,749
2029	520,429	8,252	528,681
Total Loans and Notes Payable	\$ 6,491,799	\$ 470,151	\$ 6,961,950

Right-to-Use Leases Payable

The university follows GASB Statement No. 87, *Leases*. Space is leased from external parties for various terms under long-term, non-cancelable agreements. The leases expire at various dates through 2036. Payments are made in monthly installments ranging from \$2,795 to \$44,600, and quarterly installments of \$50,000, with implicit interest rates of 3 to 4 percent. The university does not have any leases featuring payments tied to an index or market rate, or any leases subject to a residual value guarantee. Future obligations for remaining leases payable as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 1,464,191	\$ 593,534	\$ 2,057,725
2025	1,496,368	534,456	2,030,824
2026	1,456,361	473,317	1,929,678
2027	979,798	307,628	1,287,426
2028	832,711	263,656	1,096,367
2029-2033	3,331,975	660,783	3,992,758
2034-2036	638,847	91,700	730,547
Total Right-to-Use Leases Payable	\$ 10,200,251	\$ 2,925,074	\$ 13,125,325

Right-to-Use SBITA Payable

The university has a SBITA payable for the right to use mainframe software totaling \$63,886,279. Payments are made in monthly installments with an implicit interest rate of 4 percent. Future obligations for remaining SBITA payable as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 7,798,025	\$ 2,327,263	\$ 10,125,288
2025	8,440,224	2,089,908	10,530,132
2026	8,784,091	1,746,041	10,530,132
2027	9,141,969	1,388,163	10,530,132
2028	9,514,427	1,015,705	10,530,132
2029-2030	20,207,543	852,721	21,060,264
Total Right-to-Use SBITA Payable	\$ 63,886,279	\$ 9,419,801	\$ 73,306,080

Compensated Absences Payable

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, university regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The university reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the university expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2023, the estimated liability for compensated absences, which includes the university's share of the Florida Retirement System and FICA contributions, totaled \$92,614,663. The current portion of the compensated absences liability, \$7,495,477, 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

As a participating employer in the State Employees' Group Health Insurance Plan, the university recognizes its proportionate share of the collective other postemployment benefits liability of the multiple-employer defined benefit health plan. As of June 30, 2023, the university's proportionate share of the total OPEB liability totaled \$164,768,865.

Revenue Received in Advance

Long-term revenue received in advance represents funds received but not yet earned under the terms and conditions of auxiliary services contracts. Total long-term revenue received in advance at June 30, 2023, amounted to \$21,079,629, with \$2,886,201 expected to be earned during the 2023-24 fiscal year.

Net Pension Liability

As a participating employer in the Florida Retirement System, the university recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2023, the university’s proportionate share of the net pension liabilities totaled \$338,299,956.

Other Noncurrent Liabilities

Other noncurrent liabilities consist of the Federal Capital Contribution (advance) provided to fund the university’s Federal Perkins Loan Program. The advance amount totaling \$2,550,805 will ultimately be returned to the Federal Government should the university cease making Federal Perkins Loans or if the university has excess cash in the loan program. During the 2022–23 fiscal year, the balance of the employer taxes deferred under the Federal CARES Act was paid and the university’s financed purchases were reclassified from other noncurrent liabilities to loans and notes payable.

11. OTHER POSTEMPLOYMENT BENEFITS

General Information about Other Postemployment Benefits

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 Florida Department of Management Services, Division of State Group Insurance.

Other Postemployment Benefits Plan

Plan Description – The State Employees’ Group Health Insurance Plan for other postemployment benefits is a multiple-employer defined benefit health plan (OPEB Plan). Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the university are eligible to participate in the OPEB Plan. 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 meet 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 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 \$164.8 million was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2022. At June 30, 2023, the university’s proportionate share, determined by its proportion of total benefit payments made, was 2.10 percent, which was an increase of 0.18 percent from its proportionate share reported as of June 30, 2021.

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

- ◆ Inflation 2.60 percent
- ◆ Salary Increases Varies by FRS class
- ◆ Discount Rate 4.09 percent

Healthcare cost trend rates for the Preferred Provider Option (PPO) Plan and Health Maintenance Organization (HMO) Plan, respectively, are 10.31 and 7.53 percent for the 2022-23 fiscal year, gradually decreasing to 4.04 percent after the 2074-75 fiscal year.

Retiree premium trend rates for both the PPO and HMO plans are 8.9 percent for the 2022-23 fiscal year, gradually decreasing to 4.0 percent for the 2075-76 and later fiscal years.

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

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

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the July 1, 2021, valuation were based on the 2019 Experience Study prepared by Milliman.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the July 1, 2022, valuation were based on a review of recent plan experience done concurrently with the July 1, 2022, valuation.

The following changes have been made since the prior valuation:

- ◆ The census data reflects changes in status for the twenty-four month period since July 1, 2020.
- ◆ The assumed claims and premiums reflect the actual claims information that were 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 lower claims costs compared to expected, as well as lower premium rates than expected. The net result was a slight increase in liabilities due to claims and premiums as of June 30, 2022.
- ◆ The medical trend assumption is updated each year based on the Getzen Model. Medical trend rates used are consistent with the August 2022 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.
- ◆ The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB 75. The discount rate increased from 2.18 percent to 4.09 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 (3.09 percent) or 1 percentage-point higher (5.09 percent) than the current rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
University's proportionate share of the total OPEB liability	\$ 191,713,203	\$ 164,768,865	\$ 143,231,804

Sensitivity to 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	Current Healthcare Cost Trend Rates	1% Increase
University's proportionate share of the total OPEB liability	\$ 139,809,570	\$ 164,768,865	\$ 196,802,895

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

For the fiscal year ended June 30, 2023, the university recognized OPEB expense of \$6,270,882. At June 30, 2023, 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	\$ -	\$ 18,020,377
Changes of assumptions or other inputs	19,052,289	107,656,029
Changes in proportion and differences between university benefit payments and proportionate share of benefit payments	40,850,507	1,134,753
Transactions subsequent to the measurement date	4,214,077	-
Total	\$ 64,116,873	\$ 126,811,159

Of the total amount reported as deferred outflows of resources related to OPEB, \$4,214,077 resulting from transactions (e.g. benefit payments) subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2024. 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
2024	\$ (15,292,781)
2025	(15,292,781)
2026	(11,178,525)
2027	(9,001,214)
2028	(2,836,539)
Thereafter	(13,306,523)
Total	\$ (66,908,363)

12. RETIREMENT PLANS - DEFINED BENEFIT PENSION PLANS

General Information about the Florida Retirement System

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

Essentially all regular employees of the university are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System 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 website (dms.myflorida.com).

The university's pension expense for the FRS and HIS cost-sharing multiple-employer defined benefit plans totaled \$41,128,559 for the 2022-23 fiscal year.

FRS Pension Plan

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of 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 60 or at any age after 30 years of creditable service. Members of 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 Deferred Retirement Option Program, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided - Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before

July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service or more	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 2022-23 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (1)
Florida Retirement System, Regular	3.00	11.91
Florida Retirement System, Senior Management Service	3.00	31.57
Florida Retirement System, Special Risk	3.00	27.83
Teachers' Retirement System, Plan E	6.25	13.56
Deferred Retirement Option Program - Applicable to		
Members from All of the Above Classes or Plan	0.00	18.60
Florida Retirement System, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .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 \$36,394,558 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the university reported a liability of \$274,467,175 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The university's proportionate share of the net pension liability was based on the university's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the university's proportion was 0.74 percent, which was an increase of 0.02 from its proportionate share measured as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2023, the university recognized pension expense of \$38,635,928. 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	\$ 13,035,606	\$ -
Changes of assumptions	33,801,781	-
Net difference between projected and actual earnings on pension plan investments	18,123,031	-
Changes in proportion and differences between university contributions and proportionate share of contributions	6,237,187	6,725,601
University contributions subsequent to the measurement date	36,394,558	-
Total	\$ 107,592,163	\$ 6,725,601

The deferred outflows of resources totaling \$36,394,558, resulting from university contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. 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
2024	\$ 15,836,232
2025	5,564,637
2026	(6,156,055)
2027	46,306,167
2028	2,921,023
Thereafter	-
Total	\$ 64,472,004

Actuarial Assumptions - The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- ◆ Inflation 2.40 percent
- ◆ Salary Increases 3.25 percent, average, including inflation
- ◆ Investment Rate of Return 6.70 percent, net of Plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on 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	Annual Geometric Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate (Property)	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.3%

(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 2022 valuation was updated from 6.80 percent to 6.70 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 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	\$ 474,672,107	\$ 274,467,175	\$ 107,072,030

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, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The university contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The university's contributions to the HIS Plan totaled \$4,398,542 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the university reported a liability of \$63,832,781 for its proportionate share of the net pension liability. The current portion of the net pension liability is the university's proportionate share of benefit payments expected to be paid within one year, net of the university's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The university's proportionate share of the net pension liability was based on the university's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the university's proportion was 0.60 percent, which was a decrease of 0.02 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the university recognized pension expense of \$2,492,631. In addition, the university reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,937,476	\$ 280,870
Changes of assumptions	3,658,936	9,874,890
Net difference between projected and actual earnings on HIS Plan investments	92,416	-
Changes in proportion and differences between university contributions and proportionate share of contributions	146,694	3,965,219
University contributions subsequent to the measurement date	4,398,542	-
Total	\$ 10,234,064	\$ 14,120,979

NOTES TO FINANCIAL STATEMENTS

The deferred outflows of resources totaling \$4,398,452 was related to pensions resulting from university contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2024	\$ (1,958,384)
2025	(1,428,444)
2026	(1,034,856)
2027	(1,371,566)
2028	(1,775,412)
Thereafter	(716,795)
Total	<u>\$ (8,285,457)</u>

Actuarial Assumptions - The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- ◆ Inflation 2.40 percent
- ◆ Salary Increases 3.25 percent, average, including inflation
- ◆ Municipal Bond Rate 3.54 percent

Mortality rates were based on the Generational PUB-2010, 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 3.54 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2022 valuation was updated from 2.16 percent to 3.54 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 3.54 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 (2.54 percent) or 1 percentage-point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
University's proportionate share of the net pension liability	\$ 73,029,942	\$ 63,832,781	\$ 56,222,320

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.

13. 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 this program. 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 2022-23 fiscal year were as follows:

Class or Plan	Percent of Gross Compensation
Florida Retirement System, Regular	9.30
Florida Retirement System, Senior Management Service	10.67
Florida Retirement System, Special Risk	17.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, 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 contributions to the Investment Plan totaled \$8,640,790 and employee contributions totaled \$2,136,692 for the 2022-23 fiscal year.

State University System Optional Retirement Program

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

The ORP 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 ORP, 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, 4.23 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 9.38 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 ORP totaled \$28,460,109 and employee contributions totaled \$14,840,661 for the 2022-23 fiscal year.

14. CONSTRUCTION COMMITMENTS

The university's construction commitments at June 30, 2023, were as follows:

Project Description	Total Commitment	Completed to Date	Committed Balance
Legacy Hall, College of Business	\$ 160,000,000	\$ 15,722,013	\$ 144,277,987
Interdisciplinary Research Commercialization Building	130,000,000	26,509,126	103,490,874
Academic Health Center	125,000,000	489,356	124,510,644
Doak Campbell Structural Improvements	20,000,000	182,558	19,817,442
National High Magnetic Field Lab Electrical Expansion	16,440,017	445,899	15,994,118
Other (1)	225,628,478	39,568,737	186,059,741
Total	\$ 677,068,495	\$ 82,917,689	\$ 594,150,806

(1) All other projects with committed balances less than \$10 million.

15. 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 2022-23 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 \$56.3 million for named windstorm and flood losses through February 14, 2023, and decreased to \$40.2 million for flood and \$38.6 million for named windstorm beginning February 15, 2023. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$168.7 million through February 14, 2023, and increased to \$184.8 million beginning February 15, 2023; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

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

University Self-Insurance Program

The Florida State University College of Medicine Self-Insurance Program was established pursuant to Section 1004.24, Florida Statutes on July 1, 2006. The Self-Insurance Program provides professional and general liability protection for the Florida State University Board of Trustees for claims and actions arising from the clinical activities of the College of Medicine faculty, staff and resident physicians. This includes the faculty and staff of the College of Nursing, effective July 1, 2009, and the faculty and staff of the Student Health Center, effective July 1, 2010. Liability protection is afforded to the students of each college. The Self-Insurance Program provides legislative claims bill protection.

The university is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Self-Insurance Program also provides \$1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; \$250,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; \$250,000 per claim protection for participants who engage in approved community service and act as Good Samaritans; and student protections of \$200,000 for a claim arising from an occurrence for any one person, \$300,000 for all claims arising from an occurrence and professional liability required by a hospital or other healthcare facility for educational purposes not to exceed a per occurrence limit of \$1,000,000.

The Self-Insurance Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported. Changes in the balances of claims liability for the Self-Insurance Program during the 2022-23 fiscal year are presented in the following table:

Fiscal Year	Claims Liabilities Beginning of Year	Current Claims/ Changes in Estimates	Claims Payments	Claims Liabilities End of Year
2021-22	\$ 470,389	\$ 31,766	\$ (6,553)	\$ 495,602
2022-23	495,602	92,847	(39,995)	548,454

16. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

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

Functional Classification	Amount
Instruction	\$ 467,899,821
Research	235,511,141
Public Service	112,401,759
Academic Support	164,788,428
Student Services	84,348,292
Institutional Support	96,055,326
Operation and Maintenance of Plant	94,227,809
Scholarships and Fellowships	122,137,092
Depreciation	109,674,678
Auxiliary Enterprises	143,069,076
Total Operating Expenses	\$ 1,630,113,422

17. 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 Parking and Housing facilities represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Parking Facility	Housing Facility
Assets		
Current Assets	\$ 11,861,207	\$ 84,200,328
Capital Assets, Net	59,824,555	261,790,513
Other Noncurrent Assets	3,151,207	14,903,664
Total Assets	74,836,969	360,894,505
Liabilities		
Current Liabilities	2,912,925	15,104,835
Noncurrent Liabilities	8,417,809	123,251,203
Total Liabilities	11,330,734	138,356,038
Net Position		
Net Investment in Capital Assets	49,197,259	128,918,496
Restricted - Expendable	3,156,756	14,289,135
Unrestricted	11,152,220	79,330,836
Total Net Position	\$ 63,506,235	\$ 222,538,467

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

Operating Revenues	\$ 12,463,627	\$ 51,558,739
Depreciation Expense	(1,952,525)	(8,625,437)
Other Operating Expenses	(8,837,044)	(25,828,789)
Operating Income	1,674,058	17,104,513
Net Nonoperating Revenues (Expenses)	314,256	1,233,742
Increase (Decrease) in Net Position	1,988,314	18,338,255
Net Position, Beginning of Year	61,517,921	204,200,212
Net Position, End of Year	\$ 63,506,235	\$ 222,538,467

Condensed Statement of Cash Flows

Net Cash Provided (Used) by:		
Operating Activities	\$ 3,937,870	\$ 26,138,033
Noncapital Financing Activities	11,712	-
Capital and Related Financing Activities	(3,749,289)	(18,985,725)
Investing Activities	(183,597)	(6,274,654)
Net Increase (Decrease) in Cash and Cash Equivalents	16,696	877,654
Cash and Cash Equivalents, Beginning of Year	34,637	545,418
Cash and Cash Equivalents, End of Year	\$ 51,333	\$ 1,423,072

18. DISCRETELY PRESENTED COMPONENT UNITS

The university has thirteen 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.

	Foundation 6/30/23	Boosters 6/30/23	Research Foundation 6/30/23	International Programs Association 9/30/22	Florida State University Schools 6/30/23	Other Component Units 6/30/23	Total
Condensed Statement of Net Position							
Assets:							
Current Assets	\$ 48,958,771	\$ 43,810,444	\$ 121,916,358	\$ 20,358,889	\$ 19,647,795	\$ 25,138,985	\$ 279,831,242
Capital Assets, Net	5,960,880	168,046,288	14,573,988	33,648,071	31,880,250	11,853,134	265,962,611
Other Noncurrent Assets	941,518,822	157,313,409	108,787,244	439,585	-	7,680,112	1,215,739,172
Total Assets	996,438,473	369,170,141	245,277,590	54,446,545	51,528,045	44,672,231	1,761,533,025
Deferred Outflows of Resources	-	1,115,111	-	-	-	-	1,115,111
Liabilities:							
Current Liabilities	3,975,141	41,825,352	20,817,806	3,422,221	1,793,833	7,708,065	79,542,418
Noncurrent Liabilities	6,976,962	155,651,903	46,864,896	2,363,115	4,951,355	17,626,212	234,434,443
Total Liabilities	10,952,103	197,477,255	67,682,702	5,785,336	6,745,188	25,334,277	313,976,861
Deferred Inflows of Resources	12,089,179	-	-	181,578	-	4,315,316	16,586,073
Net Position:							
Net Investment in Capital Assets	2,991,436	17,704,286	7,829,092	30,950,374	27,517,452	341,570	87,334,210
Restricted, Nonexpendable	518,786,487	50,824,479	-	-	-	1,920,889	571,531,855
Restricted, Expendable	420,761,663	121,948,600	44,869,000	-	6,485,145	2,126,335	596,190,743
Unrestricted	30,857,605	(17,669,368)	124,896,796	17,529,257	10,780,260	10,633,844	177,028,394
Total Net Position	\$ 973,397,191	\$ 172,807,997	\$ 177,594,888	\$ 48,479,631	\$ 44,782,857	\$ 15,022,638	\$ 1,432,085,202
Condensed Statement of Revenues, Expenses, and Changes in Net Position							
Operating Revenues	\$ 36,359,507	\$ 44,416,367	\$ 15,075,348	\$ 27,741,139	\$ 21,063,103	\$ 15,357,790	\$ 160,013,254
Operating Expenses	61,518,845	54,736,019	15,974,668	20,593,289	19,822,469	18,807,277	191,452,567
Operating Income (Loss)	(25,159,338)	(10,319,652)	(899,320)	7,147,850	1,240,634	(3,449,487)	(31,439,313)
Net Nonoperating Revenues (Expenses)	55,805,143	(23,953,010)	10,042,396	(7,882)	389,872	4,093,061	46,369,580
Other Revenues, Expenses, Gains, and Losses	23,602,592	50,877,797	-	-	-	-	74,480,389
Increase (Decrease) in Net Position	54,248,397	16,605,135	9,143,076	7,139,968	1,630,506	643,574	89,410,656
Net Position, Beginning of Year	919,148,794	156,202,862	168,451,812	41,339,663	43,152,351	14,379,064	1,342,674,546
Net Position, End of Year	\$ 973,397,191	\$ 172,807,997	\$ 177,594,888	\$ 48,479,631	\$ 44,782,857	\$ 15,022,638	\$ 1,432,085,202

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

Description	2022 (1)	2021 (1)
University's proportion of the FRS net pension liability	0.74%	0.72%
University's proportionate share of the FRS net pension liability	\$ 274,467,175	\$ 54,350,905
University's covered payroll (2)	\$ 499,362,101	\$ 495,343,167
University's proportion of the FRS net pension liability as a percentage of its covered payroll	54.96%	10.97%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.89%	96.40%

SCHEDULE OF UNIVERSITY CONTRIBUTIONS - FLORIDA RETIREMENT SYSTEM PENSION PLAN

Description	2023 (1)	2022 (1)
Contractually required FRS contribution	\$ 36,394,558	\$ 31,477,108
FRS contributions in relation to the contractually required FRS contribution	(36,394,558)	(31,477,108)
Contribution deficiency (excess)	\$ -	\$ -
University's covered payroll (2)	\$ 562,743,810	\$ 499,362,101
FRS contributions as a percentage of covered payroll	6.47%	6.30%

Changes of assumptions - In 2022, the long-term expected rate of return decreased from 6.80 percent to 6.70 percent.

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

Description	2022 (1)	2021 (1)
University's proportion of the HIS net pension liability	0.60%	0.62%
University's proportionate share of the HIS net pension liability	\$ 63,832,781	\$ 75,636,589
University's covered payroll (3)	\$ 216,243,489	\$ 217,109,222
University's proportion of the HIS net pension liability as a percentage of its covered payroll	29.52%	34.84%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.81%	3.56%

SCHEDULE OF UNIVERSITY CONTRIBUTIONS - HEALTH INSURANCE SUBSIDY PENSION PLAN

Description	2023 (1)	2022 (1)
Contractually required HIS contribution	\$ 4,398,542	\$ 3,646,684
HIS contributions in relation to the contractually required HIS contribution	(4,398,542)	(3,646,684)
Contribution deficiency (excess)	\$ -	\$ -
University's covered payroll (3)	\$ 259,305,383	\$ 216,243,489
HIS contributions as a percentage of covered payroll	1.70%	1.69%

Changes of assumptions - The 20-year municipal bond rate used to determine total pension liability increased from 2.16 percent to 3.54 percent. In addition, the demographic assumptions for the Special Risk Class were updated to reflect plan changes and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.

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

Description	2022 (1)	2021 (1)
University's proportion of the total other postemployment benefits liability	2.10%	1.92%
University's proportionate share of the total other postemployment benefits liability	\$ 164,768,865	\$ 202,495,049
University's covered payroll	\$ 499,362,101	\$ 495,343,167
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered payroll	33.00%	40.88%

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The university's June 30, 2022 proportionate share of the total OPEB liability decreased from the prior fiscal year as a result of changes to assumptions as discussed below:

Changes of assumptions - In 2022, amounts reported as changes of assumptions resulted from an increase in the discount rate from 2.18 percent to 4.09 percent, as well as updated healthcare costs and premiums and updated health care cost trend rates.

Notes: (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.

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

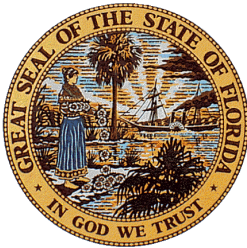
	2020 (1)		2019 (1)		2018 (1)		2017 (1)		2016 (1)		2015 (1)		2014 (1)		2013 (1)
	0.74%		0.76%		0.75%		0.72%		0.72%		0.72%		0.70%		0.55%
\$	320,415,160	\$	262,063,652	\$	225,130,592	\$	212,443,411	\$	181,310,252	\$	93,262,711	\$	42,528,294	\$	94,644,224
\$	503,662,186	\$	482,527,134	\$	455,890,734	\$	438,212,856	\$	423,172,345	\$	407,099,915	\$	389,854,458	\$	368,648,639
	63.62%		54.31%		49.38%		48.48%		42.85%		22.91%		10.91%		25.67%
	78.85%		82.61%		84.26%		83.89%		84.88%		92.00%		96.09%		88.54%

	2021 (1)		2020 (1)		2019 (1)		2018 (1)		2017 (1)		2016 (1)		2015 (1)		2014 (1)
\$	27,410,274	\$	24,563,022	\$	23,595,217	\$	21,301,230	\$	18,696,925	\$	17,510,994	\$	17,604,243	\$	15,267,633
	(27,410,274)		(24,563,022)		(23,595,217)		(21,301,230)		(18,696,925)		(17,510,994)		(17,604,243)		(15,267,633)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	495,343,167	\$	503,662,186	\$	482,527,134	\$	455,890,734	\$	438,212,856	\$	423,172,345	\$	407,099,915	\$	389,854,458
	5.53%		4.88%		4.89%		4.67%		4.27%		4.14%		4.32%		3.92%

	2020 (1)		2019 (1)		2018 (1)		2017 (1)		2016 (1)		2015 (1)		2014 (1)		2013 (1)
	0.63%		0.65%		0.65%		0.65%		0.66%		0.65%		0.64%		0.62%
\$	77,489,534	\$	72,784,363	\$	68,540,176	\$	69,890,112	\$	76,700,313	\$	66,652,215	\$	59,936,732	\$	54,347,452
\$	218,367,106	\$	216,222,787	\$	209,298,557	\$	206,288,311	\$	201,302,795	\$	196,319,296	\$	188,768,602	\$	179,775,016
	35.49%		33.66%		32.75%		33.88%		38.10%		33.95%		31.75%		30.23%
	3.00%		2.63%		2.15%		1.64%		0.97%		0.50%		0.99%		1.78%

	2021 (1)		2020 (1)		2019 (1)		2018 (1)		2017 (1)		2016 (1)		2015 (1)		2014 (1)
\$	3,624,444	\$	3,657,181	\$	3,612,160	\$	3,511,821	\$	3,459,247	\$	3,373,247	\$	2,498,290	\$	2,195,911
	(3,624,444)		(3,657,181)		(3,612,160)		(3,511,821)		(3,459,247)		(3,373,247)		(2,498,290)		(2,195,911)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	217,109,222	\$	218,367,106	\$	216,222,787	\$	209,298,557	\$	206,288,311	\$	201,302,795	\$	196,319,296	\$	188,768,602
	1.67%		1.67%		1.67%		1.68%		1.68%		1.68%		1.27%		1.16%

	2020 (1)		2019 (1)		2018 (1)		2017 (1)
	1.89%		1.63%		1.65%		1.65%
\$	194,892,613	\$	206,091,438	\$	174,101,000	\$	178,386,000
\$	503,662,186	\$	482,527,134	\$	455,890,734	\$	438,212,856
	38.70%		42.71%		38.19%		40.71%



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida State 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, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 13, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 13, 2023
Audit Report No. 2024-091

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