

FLORIDA STATE UNIVERSITY

ANNUAL REPORT 2019-2020







Florida State University

Annual Report 2019–2020

TABLE OF CONTENTS

Message from the President.....	1
Introduction from the Vice President for Finance and Administration.....	3
University Overview.....	4
Independent Auditor’s Report on Financial Statements	12
Management’s Discussion and Analysis.....	14
Basic Financial Statements:	
Statement of Net Position	20
Statement of Revenues, Expenses, and Changes in Net Position	22
Statement of Cash Flows.....	23
Notes to Financial Statements.....	24
Other Required Supplementary Information	46
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.....	48



MESSAGE FROM THE PRESIDENT

When I became president in 2014, we had some pretty audacious goals—to be recognized as a Top 25 public university, raise a billion dollars, expand our research enterprise and invest in faculty and student success, to name a few. I never had any doubt we would achieve these goals, but I never could have anticipated all the ups and downs along the way.

I certainly never imagined I would be finishing my term amid a global pandemic. The response to this unprecedented event by our dedicated faculty, staff, students and alumni provided more reason than ever for me to be proud of Florida State and who we are. In March, our faculty and staff converted 10,000 classes to remote delivery in just two weeks, allowing the university to continue to deliver a world-class education to our 43,000 students. We ended the 2019–2020 fiscal year with our first-ever virtual spring commencement ceremony and continued remote learning over the summer.

Despite the challenges of COVID-19, we accomplished so much during the past fiscal year.

Florida State University continues to be ranked by *U.S. News & World Report* among the nation's Top 20 public universities. The ranking is a reflection of Florida State's commitment to academic excellence and student success and is the result of hard work by many people across the university who developed a strategic plan that has guided our way. The Florida Legislature, Florida Board of Governors and the FSU Board of Trustees continue to be staunch champions of our goals and aspirations.

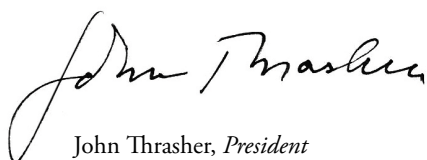
When it comes to student success, FSU has some of the best graduation and retention rates in the country. In fact, 95 percent of first-time-in-college students who were enrolled at FSU at the beginning of the 2019–20 academic year returned for their sophomore year—a record for the university. The rate is well above the national average of 81 percent for public universities and ranks FSU among the Top 15 in the nation. And 74 percent of our students graduate in four years.

Graduate student enrollment—a hallmark of any great research university—is at an all-time high, and we are advancing our goal to strengthen FSU's academic and research excellence through groundbreaking studies, original scholarship and creative endeavors.

This past year, FSU faculty researchers received more than \$250 million from federal, state and private sources—a new university record. The funding is supporting research in a wide range of disciplines, from health sciences to engineering to answering some of the many questions about the coronavirus.

While we celebrate these and other accomplishments, we know there are many challenges ahead, including navigating the negative impact that COVID-19 has had on state general revenues and the potential effect that may have on our budget. However, when we look back on our past, we can see that every success we have had is a result of obstacles we have overcome. I have no doubt that we will continue to face both difficulties and opportunities with the same strength, creativity and resilience that FSU has always demonstrated.

The work we have done together over the past year—and throughout my entire presidency—has established a strong foundation on which to build. We are fulfilling our promise as one of the very best public universities in America, and I am very excited about our future.



John Thrasher, *President*
Florida State University



INTRODUCTION FROM THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

I am pleased to present the 2019–20 Annual Financial Report for Florida State University. The end of the fiscal year left us in a much different place than where we had started, and more so than anyone could have imagined. The effects of the COVID-19 global pandemic on FSU were both significant and sudden.

COVID-19 and Campus Operations

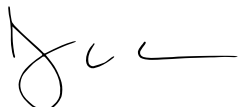
- In early March 2020, Florida Governor Ron DeSantis issued a series of Executive Orders in response to the growing and evolving COVID-19 global pandemic. Shortly thereafter, Florida State University began a new chapter in its history, as the entire campus moved to remote learning in response to the public health crisis created by the pandemic. Administrators, faculty, and staff across campus rose to the challenge of transitioning about 43,000 students and more than 3,000 faculty and instructors into this new era of remote learning in just two weeks.
- At the end of March 2020, Public Law No. 116-136, referred to as the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law to mitigate the economic impact for those affected by the coronavirus. FSU received \$29.3 million from the CARES Act, of which \$14.67 million was designated for emergency grants to students. Under the Act, more than 20,300 Florida State University students had received emergency federal funding by the end of the fiscal year. The remaining balance of funds was earmarked to pay for other unexpected expenses related to the disruption of campus operations due to the pandemic.
- To minimize the risks associated with the spread of COVID-19, Florida State University implemented significant changes to its campus operations during the fourth quarter of the 2019–20 fiscal year, including the closing of its residence halls and other campus facilities, returning students back to the United States from its international study centers, and canceling nearly all of its in-person events and activities. Despite these unprecedented challenges, FSU was able to maintain a high-level of operational efficiency and effectiveness by quickly adapting to the imposed demands resulting from the pandemic and executing a highly successful remote work strategy by leveraging various work-from-home technology platforms.

Campus Facilities

- Just prior to the pandemic, Florida State University marked the official opening of its state-of-the-art Earth, Ocean, and Atmospheric Science Building and paid tribute to one of the university's former presidents, Dr. Eric Barron, during a ribbon-cutting ceremony. Going forward, FSU students and faculty in environmental science, geology, meteorology, and oceanography will now study, learn, and conduct research in the 130,500-square-foot space, which includes 23 research labs and eight teaching labs, a broadcast studio for meteorology students, a 280-seat auditorium and a 100-seat active learning classroom.
- Other significant capital projects still in progress included construction of the new Student Union as well as major renovations to the university's bio-medical research facility and the Hoffman chemistry teaching laboratory.

To ensure the critical functions of the university continued while at the same time keeping the campus community as safe as possible, Florida State finished the 2019–20 fiscal year focused on re-populating campus in a thoughtful and conservative manner as it prepared for the Fall 2020 semester. This significant undertaking was accomplished by putting various health policies, protocols, and guidelines in place that were designed to mitigate the spread of COVID-19. Examples of these included implementing a voluntary return-to-campus testing program, providing comprehensive training to faculty and staff, developing workplace expectations and guidelines, and putting protective safety measures in place for occupancy of public and common areas across campus.

While no one could have anticipated the unprecedented challenges the 2019–20 fiscal year presented, FSU's prudent financial stewardship and excellent national reputation has well positioned FSU to navigate through these difficult times. I am confident the university will be able to sustain its upward trajectory in 2021 and beyond.



Kyle C. Clark, *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 that consistently rank among the nation's top twenty-five public universities. Baccalaureate degrees are offered in 106 programs, master's degrees in 113 programs, advanced master's/specialist degrees in 14 programs, doctorates in 70 programs, and three professional degrees.

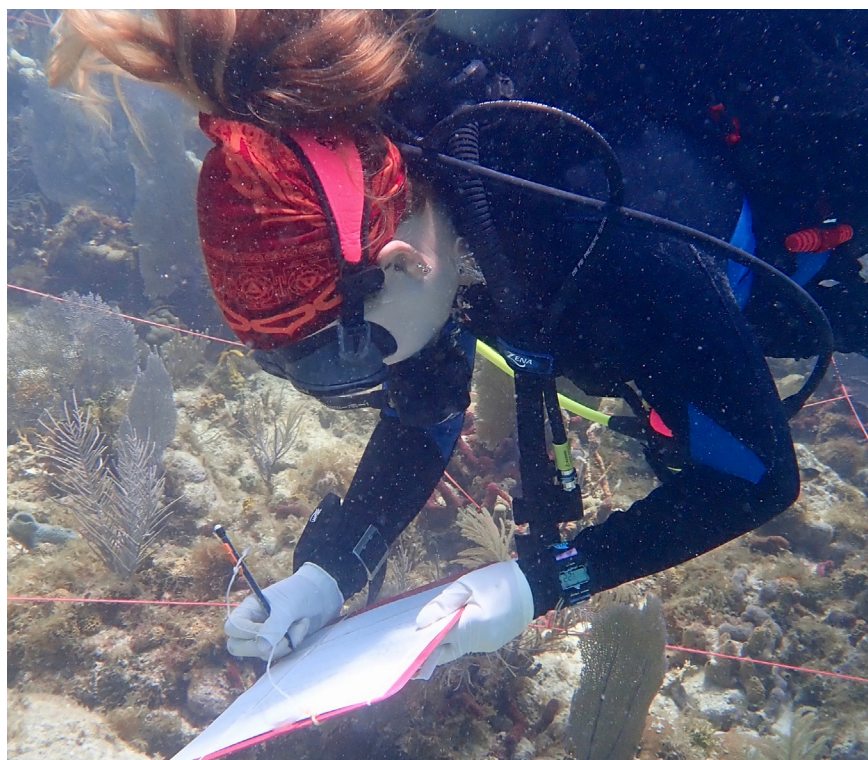
Students

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 2019 semester, there were 21 freshmen and 92 total undergraduate National Merit Scholars enrolled at Florida State University. The middle 50 percent high school GPA for the Fall 2019 freshman class was 4.0–4.4 and middle 50 percent SAT scores were 1250–1360.

With more than 42,000 students enrolled in Fall 2019, the student body was comprised of 77 percent undergraduates, 20 percent graduates, and 3 percent unclassified. Our student body is diverse and represents every county in Florida, all 50 states, and 130 countries. Minorities represent 35 percent, and women represent 57 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.



UNIVERSITY OVERVIEW



Diversity

At Florida State University, we recognize that every competitive advantage begins with people. By valuing, celebrating, and leveraging the differences and similarities of our students, faculty, and staff, we inspire an environment of innovation and passion—one that enables us to create a teaching, research, and service environment that better reflects the needs of our students, faculty, staff, customers, constituents, communities, and other key stakeholders.

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.

Florida State University in 2019–20

FSU's rankings and achievements during fiscal year 2019–20 include:

- ◆ Florida State University retained its place in the Top 20 among national public universities in the latest *U.S. News & World Report* rankings
- ◆ FSU retained first-year students at a record rate of 95 percent, ranking in the Top 15 among national public universities
- ◆ For the ninth consecutive year, FSU has maintained its Top 5 standing as the nation's most efficient university among *U.S. News & World Report* national colleges
- ◆ Princeton Review ranked Florida State University No. 15 on its annual list of *Colleges that Pay You Back*
- ◆ Florida State was recognized for a fifth consecutive year by *INSIGHT Into Diversity* magazine as a "Diversity Champion" in higher education
- ◆ Florida State is one of the nation's top research institutions for producing Fulbright U.S. Scholars and students with eight FSU faculty members and ten students earning prestigious Fulbright awards
- ◆ Florida State University researchers received a record level of funding from Federal, State, and private sources, bringing in \$250.1 million to the university to support investigations into areas such as health sciences, high energy physics, and marine biology







Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida State University and of its aggregate discretely presented component units as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Florida State University's basic financial statements. The Message from the President, Introduction from the Vice President for Finance and Administration, and University Overview, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Message from the President, Introduction from the Vice President for Finance and Administration, and University Overview have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, 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 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
January 29, 2021
Audit Report No. 2021-119

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, 2020, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of university management. The MD&A contains financial activity of the university for the fiscal years ended June 30, 2020, and June 30, 2019.

CORONAVIRUS PANDEMIC

In December 2019, a highly infectious respiratory virus caused by a novel strain of coronavirus, COVID-19, was first identified. After the rapid transmission of COVID-19 throughout the world, the President of the United States issued a proclamation concerning the outbreak, declaring a national state of emergency on March 13, 2020.

The coronavirus pandemic has caused domestic and global disruption in operations for institutions of higher education, including Florida State University, and these effects are discussed in the MD&A below and reflected in the financial statements and notes thereto.

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, twelve 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)

	2020	2019
Assets		
Current Assets	\$ 843,215	\$ 800,832
Capital Assets, Net	2,055,422	2,030,994
Other Noncurrent Assets	149,282	186,186
Total Assets	3,047,919	3,018,012
Deferred Outflows of Resources	161,918	145,984
Liabilities		
Current Liabilities	174,913	211,954
Noncurrent Liabilities	860,809	793,245
Total Liabilities	1,035,722	1,005,199
Deferred Inflows of Resources	58,046	56,472
Net Position		
Net Investment in Capital Assets	1,820,444	1,793,176
Restricted	347,350	381,675
Unrestricted	(51,725)	(72,526)
Total Net Position	\$ 2,116,069	\$ 2,102,325

The university's total assets as of June 30, 2020, increased by \$29.9 million, or 1 percent. Current assets increased by \$42.4 million, or 5.3 percent, due to an increase in unrestricted investments, which was predominantly the result of a reduction in fourth quarter operating expenditures in response to the coronavirus pandemic. This increase was largely offset by a decrease in other noncurrent assets of \$36.9 million, or 19.8 percent, primarily related to restricted investments. The decrease in restricted investments was mainly driven by the completion of capital projects along with a reduction in investments in future capital projects. Net capital assets increased by \$24.4 million, or 1.2 percent.

Total liabilities as of June 30, 2020, increased by \$30.5 million, or 3 percent. Current liabilities decreased by \$37 million, or 17.5 percent, largely due to a decrease in accrued salaries and wages payable of \$19.5 million combined with a decrease in accounts payable of \$9.6 million related to a reduction in fourth quarter operating expenditures in response to the coronavirus pandemic. Noncurrent liabilities increased by \$67.6 million, or 8.5 percent, due to increases in the university's proportional share of the State's net pension and other postemployment benefit liabilities. Pensions and other postemployment benefits also drove deferred outflows and deferred inflows of resources, which increased by \$15.9 million and \$1.6 million, respectively.

As a result, the university's overall net position increased by \$13.7 million, or less than 1 percent; however, the unrestricted net position remained in deficit at the fiscal year end. This deficit is discussed further in the notes to 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)

	2019-20	2018-19
Operating Revenues	\$ 590,413	\$ 609,289
Less, Operating Expenses	(1,400,300)	(1,325,888)
Operating Loss	(809,887)	(716,599)
Net Nonoperating Revenues	796,818	751,372
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(13,069)	34,773
Other Revenues, Expenses, Gains, or Losses	26,813	54,190
Net Increase in Net Position	13,744	88,963
Net Position, Beginning of Year	2,102,325	2,013,362
Net Position, End of Year	\$ 2,116,069	\$ 2,102,325

Operating Revenues

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

Operating Revenues (In Thousands)

	2019-20	2018-19
Net Tuition and Fees	\$ 206,516	\$ 216,991
Grants and Contracts	201,656	205,316
Sales and Services of Auxiliary Enterprises	173,607	179,846
Other	8,634	7,136
Total Operating Revenues	\$ 590,413	\$ 609,289

The university's total operating revenues were lower by \$18.9 million, or 3.1 percent, over the 2018-19 fiscal year. Net tuition and fees decreased by \$10.5 million mainly due to an increase of \$13.5 million in scholarship allowances resulting from a significant increase in State student financial aid, specifically Bright Futures. The \$3.7 million, or 1.8 percent, decrease in grants and contracts revenues resulted primarily from a decrease in nonfederal grants and contracts. Sales and services of auxiliary enterprises decreased by \$6.2 million, or 3.5 percent, due largely to disruptions in campus operations caused by COVID-19 during the fourth quarter of the 2019-20 fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Expenses

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

Operating Expenses				
(In Thousands)				
	2019-20		2018-19	
Compensation and Employee Benefits	\$	874,247	\$	804,651
Services and Supplies		265,635		283,114
Utilities and Communications		34,161		35,083
Scholarships and Fellowships		136,881		117,664
Depreciation		89,376		85,376
Total Operating Expenses	\$	1,400,300	\$	1,325,888

Operating expenses increased by \$74.4 million, or 5.6 percent, over the 2018-19 fiscal year. Compensation and employee benefits were higher by \$69.6 million, which was largely the result of a \$31.5 million increase in the accrual of actuarial determined charges related to the university's proportional share of the State's net pension and other postemployment benefit expenses, along with higher operating costs associated with employee health insurance and retirement benefits. Services and supplies decreased by \$17.5 million, or 6.2 percent, which was predominantly due to a reduction in fourth quarter operating expenditures in response to the coronavirus pandemic. Scholarships and fellowships were higher by \$19.2 million, primarily driven by an increase in State Bright Futures scholarships of \$17.4 million, which was partially offset by an increase in the scholarship allowance.

Nonoperating Revenues and Expenses

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

Nonoperating Revenues (Expenses)			
(In Thousands)			
		2019-20	2018-19
State Noncapital Appropriations	\$	488,261	\$ 498,951
Federal and State Student Financial Aid		187,443	156,883
Noncapital Grants, Contracts, and Gifts		85,688	80,703
Investment Income, Net of Expenses		25,487	17,954
Net Increase (Decrease) in the Fair Value of Investments		14,473	17,177
Other Nonoperating Revenues		10,034	1,549
Loss on Disposal of Capital Assets		(3,256)	(7,321)
Interest on Capital Asset-Related Debt		(10,263)	(10,377)
Other Nonoperating Expenses		(1,049)	(4,147)
Net Nonoperating Revenues	\$	796,818	\$ 751,372

Net nonoperating revenues increased by \$45.4 million, or 6 percent, from the 2018-19 fiscal year. The major contributors to the overall increase were the receipt of emergency student and institutional aid of \$10 million and \$8 million, respectively, authorized under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and an increase of \$17.4 million in State Bright Futures scholarships awarded. Noncapital grants, contracts, and gifts increased by \$5 million mainly resulting from insurance recoveries related to Hurricane Michael. However, State noncapital appropriations were lower by \$10.7 million, or 2.1 percent, due to a decrease in general appropriations.

Other Revenues, Expenses, Gains, or Losses

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees.

Other Revenues, Expenses, Gains, or Losses (In Thousands)

	2019-20	2018-19
State Capital Appropriations	\$ 23,168	\$ 49,824
Capital Grants, Contracts, Donations, and Fees	3,645	4,366
Total	\$ 26,813	\$ 54,190

Capital appropriations, grants, contracts, donations, and fees decreased by \$27.4 million, or 50.5 percent, primarily due to decreases in both public education capital outlay and capital improvement fee funding.

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)

	2019-20	2018-19
Cash Provided (Used) by:		
Operating Activities	\$ (692,048)	\$ (593,146)
Noncapital Financing Activities	768,163	715,860
Capital and Related Financing Activities	(92,485)	(105,491)
Investing Activities	14,705	(20,993)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,665)	(3,770)
Cash and Cash Equivalents, Beginning of Year	14,843	18,613
Cash and Cash Equivalents, End of Year	\$ 13,178	\$ 14,843

Major sources of funds came from State noncapital appropriations (\$485.6 million), net student tuition and fees (\$208.4 million), grants and contracts (\$203.8 million), sales and services of auxiliary enterprises (\$164.9 million), and Federal and State student financial aid (\$187.4 million). Major uses of funds were for payments made to and on behalf of employees (\$829.7 million), payments to suppliers (\$308.9 million), payments to and on behalf of students for scholarships (\$136.9 million), and the purchase or construction of capital assets (\$114 million).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets

At June 30, 2020, the university had \$3.3 billion in capital assets, less accumulated depreciation of \$1.2 billion, for net capital assets of \$2.1 billion. Depreciation charges for the current fiscal year totaled \$89.4 million.

Capital Assets, Net at June 30

(In Thousands)

	2020	2019
Land	\$ 94,818	\$ 94,818
Buildings	1,559,608	1,518,077
Infrastructure and Other Improvements	80,159	72,740
Furniture and Equipment	105,743	111,956
Library Resources	35,525	34,535
Property Under Capital Lease	7,582	5,330
Works of Art and Historical Treasures	75,535	75,325
Construction in Progress	96,452	118,213
Capital Assets, Net	\$ 2,055,422	\$ 2,030,994

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

Capital Expenses and Commitments

Major capital expenses on the university's largest ongoing projects included the Student Union expansion (\$18.9 million) as well as renovations to the Hoffman Teaching Laboratory (\$9.7 million) and Biology Medical Research Building (\$9.5 million). The university's construction commitments are as follows:

Major Capital Commitments, at June 30

(In Thousands)

	2020
Total Committed	\$ 432,051
Completed to Date	(96,451)
Balance Committed	\$ 335,600

Additional information about the university's capital commitments is presented in the notes to financial statements.

Debt Administration

As of June 30, 2020, the university had \$218.8 million in outstanding capital improvement debt payable, representing a decrease of \$15.8 million, or 6.7 percent, from the prior fiscal year. Capital leases payable decreased by \$435 thousand, or 4 percent.

Long-Term Debt, at June 30

(In Thousands)

	2020	2019
Capital Improvement Debt Payable	\$ 218,848	\$ 234,629
Capital Leases Payable	10,473	10,908
Total	\$ 229,321	\$ 245,537

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

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 2020, the Florida Economic Estimating Conference adopted a new forecast for the State's economy and dramatically revised to the downside both the near and long-term outlooks relative to the forecast adopted in December 2019. The negative adjustments directly result from the coronavirus outbreak, the actions to contain it, and the pandemic-induced economic contraction that followed. The Conference expects that the State's Real Gross Domestic Product will decline 4.3 percent in the 2020-21 fiscal year, followed by an increase of 4.2 percent in the 2021-22 fiscal year, and then a gradual return to the 2 percent range expected in the prior forecast.

The university's 2020-21 operating budget adopted by the Florida Legislature included total recurring General Revenue and Lottery funding for the university of \$453.8 million, which represented an increase from the prior fiscal year of 4.2 percent; however, the Governor is currently withholding 6 percent in current year funds as a result of the drop in general revenue collections due to COVID-19. Legislative Budget Request instructions from the Legislature and Governor required all State agencies and the universities to prepare an 8.5 percent reduction plan for the 2020-21 operating year. This 8.5 percent reduction plan includes the 6 percent planned withholding of revenues. Unless the Legislature takes action, the 6 percent holdback of funds would have to be released before the end of the fiscal year. At this time, uncertainty remains as to the effect of any economic recovery from the coronavirus shutdown and its related impact to the State budget going forward.

In response to the public health crisis created by the pandemic, the university transitioned from in-person to predominately remote instruction during the Spring 2020 semester and has continued with this model into the Fall 2020 semester. Despite the significant reduction in its in-person delivery of instruction, total enrollment as well as student tuition and fees for the Fall semester remained consistent year over year. Although the Federal CARES Act provided some budgetary relief during the 2019-20 fiscal year, the university faces certain financial challenges due to the economic uncertainty surrounding the coronavirus pandemic, such as decreased density in on-campus student housing, reduced participation in its international programs, and self-imposed capacity limitations for on-campus events.

Florida State University has sustained its status as a top 20 institution and as one of the most efficient schools in the country. These factors, along with continued prudent financial management from the executive leadership team, should position FSU as one of the universities best situated to weather these uncertain times.

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, 2020 (in thousands)

	UNIVERSITY	COMPONENT UNITS
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 11,002	\$ 33,006
Investments	677,766	183,031
Accounts Receivable, Net	55,358	22,471
Loans and Notes Receivable, Net	759	-
Due from State	58,334	274
Due from Component Units/University	25,725	54,805
Inventories	2,373	170
Other Current Assets	11,898	9,914
Total Current Assets	843,215	303,671
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	2,176	33,771
Restricted Investments	139,040	639,717
Loans and Notes Receivable, Net	4,028	38,272
Depreciable Capital Assets, Net	1,788,617	242,475
Nondepreciable Capital Assets	266,805	32,740
Other Noncurrent Assets	4,038	159,458
Total Noncurrent Assets	2,204,704	1,146,433
TOTAL ASSETS	3,047,919	1,450,104
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	129,379	-
Related to Other Postemployment Benefits	32,539	-
Loss on Debt Refunding	-	1,648
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 8,325	\$ 12,332
Construction Contracts Payable	11,800	-
Salaries and Wages Payable	10,680	-
Deposits Payable	8,935	35
Due to Component Units/University	57,009	32,155
Unearned Revenue	42,600	18,932
Other Current Liabilities	2,288	9,851
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	16,406	-
Bonds Payable	-	6,614
Loans and Notes Payable	-	15,458
Capital Leases Payable	1,326	-
Compensated Absences Payable	5,506	-
Other Postemployment Benefits Payable	2,665	-
Revenue Received in Advance	3,419	21,576
Net Pension Liability	1,392	-
Other Noncurrent Liabilities	2,562	-
Total Current Liabilities	174,913	116,953

STATEMENT OF NET POSITION

AS OF JUNE 30, 2020 (in thousands)

	UNIVERSITY	COMPONENT UNITS
Noncurrent Liabilities:		
Capital Improvement Debt Payable	202,442	-
Bonds Payable	-	145,180
Loans and Notes Payable	-	38,757
Capital Leases Payable	9,147	313
Accrued Self-Insurance Claims	435	-
Compensated Absences Payable	77,453	328
Other Postemployment Benefits Payable	203,426	-
Revenue Received in Advance	20,991	10,574
Net Pension Liability	333,456	-
Other Noncurrent Liabilities	13,459	25,280
Total Noncurrent Liabilities	860,809	220,432
TOTAL LIABILITIES	1,035,722	337,385
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	21,611	-
Related to Other Postemployment Benefits	36,435	-
Split-Interest Agreements for Remainder Interests	-	3,177
Trusts Held by Others	-	10,128
Other	-	1,457
NET POSITION		
Net Investment in Capital Assets	\$ 1,820,444	\$ 79,360
Restricted for Nonexpendable, Endowment	-	506,467
Restricted for Expendable:		
Debt Service	3,444	6,996
Loans	3,538	-
Capital Projects	115,480	70,010
Other	224,888	20,978
Endowment	-	254,288
Unrestricted	(51,725)	161,506
TOTAL NET POSITION	\$ 2,116,069	\$ 1,099,605

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, 2020 (in thousands)

	UNIVERSITY	COMPONENT UNITS
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowances of \$194,736	\$ 206,516	\$ -
Federal Grants and Contracts	166,992	-
State and Local Grants and Contracts	20,174	-
Nongovernmental Grants and Contracts	14,490	-
Sales and Services of Auxiliary Enterprises	173,607	-
Sales and Services of Component Units	-	35,342
Royalties and Licensing Fees	-	13,567
Gifts and Donations	-	91,548
Interest on Loans and Notes Receivable	266	-
Other Operating Revenues	8,368	17,634
Total Operating Revenues	590,413	158,091
OPERATING EXPENSES		
Compensation and Employee Benefits	874,247	32,818
Services and Supplies	265,635	156,515
Utilities and Communications	34,161	288
Scholarships and Fellowships	136,881	-
Depreciation	89,376	11,232
Total Operating Expenses	1,400,300	200,853
OPERATING LOSS	(809,887)	(42,762)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	488,261	-
Federal and State Student Financial Aid	187,443	-
Noncapital Grants, Contracts, and Gifts	85,688	50
Investment Income, Net of Expenses	25,487	16,546
Net Increase (Decrease) in the Fair Value of Investments	14,473	(7,060)
Other Nonoperating Revenues	10,034	5,316
Gain (Loss) on Disposal of Capital Assets	(3,256)	1,416
Interest on Capital Asset-Related Debt	(10,263)	(7,316)
Other Nonoperating Expenses	(1,049)	(1,480)
NET NONOPERATING REVENUES	796,818	7,472
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(13,069)	(35,290)
State Capital Appropriations	23,168	-
Capital Grants, Contracts, Donations, and Fees	3,645	8,476
Additions to Permanent Endowments	-	10,370
Increase (Decrease) in Net Position	13,744	(16,444)
Net Position, Beginning of Year	2,102,325	1,116,520
Adjustments to Net Position, Beginning of Year	-	(471)
Net Position, Beginning of Year (As Restated)	2,102,325	1,116,049
NET POSITION, END OF YEAR	\$ 2,116,069	\$ 1,099,605

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

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (in thousands)

	UNIVERSITY
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	\$ 208,367
Grants and Contracts	203,767
Sales and Services of Auxiliary Enterprises	164,883
Interest on Loans and Notes Receivable	265
Other Operating Receipts	4,278
Payments to Employees	(829,736)
Payments to Suppliers for Goods and Services	(308,852)
Payments to Students for Scholarships and Fellowships	(136,881)
Payments on Self-Insurance Claims	(3)
Collections on Loans to Students	1,864
Net Cash Used by Operating Activities	(692,048)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	485,599
Noncapital Grants, Contracts, and Gifts	75,045
Federal and State Student Financial Aid	187,443
Federal Direct Loan Program Receipts	159,895
Federal Direct Loan Program Disbursements	(159,775)
Net Change in Funds Held for Others	6,184
Other Nonoperating Receipts	13,772
Net Cash Provided by Noncapital Financing Activities	768,163
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	658
State Capital Appropriations	32,131
Capital Grants, Contracts, Donations, and Fees	3,221
Capital Subsidies and Transfers	11,507
Purchase or Construction of Capital Assets	(114,029)
Principal Paid on Capital Debt	(15,710)
Interest Paid on Capital Debt	(10,263)
Net Cash Used by Capital and Related Financing Activities	(92,485)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,017,905
Purchase of Investments	(1,029,352)
Investment Income	26,152
Net Cash Provided By Investing Activities	14,705
Net Decrease in Cash and Cash Equivalents	(1,665)
Cash and Cash Equivalents, Beginning of Year	14,843
Cash and Cash Equivalents, End of Year	\$ 13,178
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (809,887)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	89,376
Change in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Other Receivables, Net	(5,296)
Inventories	152
Loans and Notes Receivable, Net	1,751
Deferred Charges and Other Assets	2,477
Accounts Payable	(9,533)
Salaries and Wages Payable	(18,308)
Accrued Insurance Claims	(3)
Deposits Payable	115
Compensated Absences Payable	4,011
Other Postemployment Benefits Payable	31,990
Unearned Revenue	(3,672)
Pension Liability	41,177
Pension Deferred Outflows	11,442
Pension Deferred Inflows	(4,984)
Other Postemployment Benefits Deferred Outflows	(27,376)
Other Postemployment Benefits Deferred Inflows	6,558
Other Liabilities	(2,038)
NET CASH USED BY OPERATING ACTIVITIES	\$ (692,048)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES	
Unrealized gains on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 14,473
Losses from the write off of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (3,256)

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 Comprehensive Annual 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-Aboard 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.

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, property under capital lease, and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The university has a capitalization threshold of \$5,000 for tangible personal property, \$100,000 for 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

Noncurrent Liabilities

Noncurrent liabilities include capital improvement debt payable, capital leases 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.

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 "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net scholarship discounts and allowances. Under this method, the university computes these amounts by allocating the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

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. DEFICIT NET POSITION

The university had a deficit unrestricted net position of \$51.7 million at June 30, 2020. As shown in the following schedule, this deficit can be attributed primarily to the full recognition of long-term liabilities (i.e., compensated absences payable, OPEB payable, and net pension liabilities) in the unrestricted fund.

Description	Amount
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources	\$ 468,301,463
Amount Expected to be Financed in Future Years:	
Compensated Absences Payable	82,958,963
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	209,987,635
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	227,079,948
Total Amount Expected to be Financed in Future Years	(520,026,546)
Total Unrestricted Net Position	\$ (51,725,083)

3. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The 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, 2020, 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	\$ 797,370,665	\$ -	\$ -	\$ 797,370,665
State Board of Administration Debt Service Accounts	3,614,771	3,614,771	-	-
Mutual Funds:				
Bonds	6,583,022	6,583,022	-	-
Equities	3,592,020	3,592,020	-	-
Other Investments	5,645,119	-	-	5,645,119
Total Investments by Fair Value Level	\$ 816,805,597	\$ 13,789,813	\$ -	\$ 803,015,784

Investments held by the university's component units at June 30, 2020, are reported as follows:

Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Domestic Stocks	\$ 24,196,833	\$ 24,196,833	\$ -	\$ -
International Stocks	651,941	651,941	-	-
Mutual Funds	141,345,506	141,345,506	-	-
Real Estate Investments	4,002,500	-	3,730,000	272,500
Other Investments	38,017,761	14,569,153	-	23,448,608
Total Investments by Fair Value Level	\$ 208,214,541	\$ 180,763,433	\$ 3,730,000	\$ 23,721,108

Investments Measured at the Net Asset Value (NAV)

Domestic Bonds and Notes	48,764,543
Domestic Stocks	113,801,132
International Stocks	177,422,107
Real Estate Investments	15,022,071
Hedge Funds	75,331,842
Private Equity Funds	98,603,527
Private Real Estate Funds	31,771,157
Total Investments Measured at NAV	560,716,379

Other

SBA Florida PRIME	52,779,250
Other Investments	1,038,077
Total Other Investments	53,817,327
Total Investments	\$ 822,748,247

The university's component units' investments measured at the net asset value (NAV), as of June 30, 2020, totaled \$560,716,379 as follows:

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic Bonds and Notes	\$ 48,764,543	\$ -	Daily	2 days
Domestic Stocks	113,801,132	-	Daily to semi-annually	2 - 60 days
International Stocks	177,422,107	-	Daily to semi-annually	2 - 60 days
Real Estate Investments	15,022,071	-	Daily	2 days
Hedge Funds	75,331,842	-	Monthly to every 3 years	10 - 90 days
Private Equity Funds	98,603,527	85,452,894		
Private Real Estate Funds	31,771,157	21,715,740		
Total Investments Measured at NAV	\$ 560,716,379	\$ 107,168,634		

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

- ◆ Domestic Bonds and Notes – domestic fixed income institutional pooled funds.
- ◆ 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 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 \$797,370,665 at June 30, 2020, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. 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 0.43 years, and fair value factor of 1.0291 at June 30, 2020. 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 Comprehensive Annual Financial Report.

The Research Foundation and Magnet Research and Development reported investments at fair value totaling \$52,477,895 and \$301,355, respectively, at June 30, 2020, in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. 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, 2020, 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 53 days as of June 30, 2020. 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 fair value, which is amortized cost.

State Board of Administration Debt Service Accounts

The university reported investments at fair value totaling \$3,614,771 at June 30, 2020, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the university. The university's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The university relies on policies developed by the SBA for managing interest rate risk 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 Comprehensive Annual 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, 2020, are as follows:

	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-10	Greater Than 10
University	\$ 6,583,022	\$ 5,358,142	\$ 1,224,880	\$ -
Discretely Presented Component Units	\$ 114,979,271	\$ 1,213,517	\$ 106,450,567	\$ 7,315,187

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, 2020, as follows:

	Fair Value	United States Government	AAA	AA/Aa	A/Ba	Less Than A/Ba or Not Rated
University	\$ 6,583,022	\$ -	\$ -	\$ 5,358,142	\$ 1,224,880	\$ -
Discretely Presented Component Units	\$ 114,979,271	\$ 1,428,977	\$ 46,344,173	\$ 10,497,793	\$ 48,181,812	\$ 8,526,516

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, 2020.

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.

4. 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, 2020, the university reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	\$ 15,346,370
Grants and Contracts	17,094,593
Sales and Services of Auxiliary Enterprises	23,742,543
Interest	1,440,469
Other	689,352
Total Accounts Receivable	\$ 58,313,327

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 \$7,103,103 at June 30, 2020.

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 \$2,955,245 and \$2,315,966, respectively, at June 30, 2020. No allowance has been accrued for grants and contracts receivable as university management considers these to be fully collectible.

5. DUE FROM STATE

This amount consists of \$14,195,132 of Public Education Capital Outlay, \$38,177,881 of General Revenue, \$3,789,231 of State Student Financial Aid, and \$2,172,082 of Capital Improvement Fee Trust Fund allocations due from the State to the university for construction of facilities.

6. DUE FROM AND TO COMPONENT UNITS/UNIVERSITY

The university's financial statements are reported for the fiscal year ended June 30, 2020. 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.

7. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2020, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 94,817,999	\$ -	\$ -	\$ 94,817,999
Works of Art and Historical Treasures	75,324,990	216,409	6,500	75,534,899
Construction in Progress	118,213,041	105,969,253	127,730,529	96,451,765
Total Nondepreciable Capital Assets	\$ 288,356,030	\$ 106,185,662	\$ 127,737,029	\$ 266,804,663
Depreciable Capital Assets:				
Buildings	\$ 2,157,604,236	\$ 96,142,193	\$ 151,887	\$ 2,253,594,542
Infrastructure and Other Improvements	152,831,533	13,559,753	1,911,864	164,479,422
Furniture and Equipment	368,616,003	21,886,512	17,008,072	373,494,443
Library Resources	163,789,758	8,533,674	25,193	172,298,239
Property Under Capital Lease	5,411,178	2,558,333	-	7,969,511
Computer Software	49,174,492	-	-	49,174,492
Total Depreciable Capital Assets	2,897,427,200	142,680,465	19,097,016	3,021,010,649
Less, Accumulated Depreciation:				
Buildings	639,527,489	54,473,373	13,285	693,987,577
Infrastructure and Other Improvements	80,090,673	4,232,734	3,255	84,320,152
Furniture and Equipment	256,660,139	22,820,782	11,730,226	267,750,695
Library Resources	129,254,972	7,542,936	25,193	136,772,715
Property Under Capital Lease	81,439	306,333	-	387,772
Computer Software	49,174,492	-	-	49,174,492
Total Accumulated Depreciation	1,154,789,204	89,376,158	11,771,959	1,232,393,403
Total Depreciable Capital Assets, Net	\$ 1,742,637,996	\$ 53,304,307	\$ 7,325,057	\$ 1,788,617,246

8. 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, 2020, 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, 2020, the university reported the following amounts as unearned revenue:

Description	Amount
State Capital Appropriations	\$ 30,375,719
Grants and Contracts	1,136,696
Sales and Services of Auxiliary Enterprises	11,087,749
Total Unearned Revenue	\$ 42,600,164

9. LONG-TERM LIABILITIES

Long-term liabilities of the university at June 30, 2020, include capital improvement debt payable, capital leases 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, 2020, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	\$ 234,629,756	\$ -	\$ 15,781,473	\$ 218,848,283	\$ 16,406,473
Capital Leases Payable	10,908,358	658,306	1,093,621	10,473,043	1,326,440
Accrued Self-Insurance Claims	438,153	-	3,098	435,055	-
Compensated Absences Payable	78,918,666	9,334,513	5,294,216	82,958,963	5,506,121
Other Postemployment Benefits Payable	174,101,000	73,523,913	41,533,475	206,091,438	2,665,138
Revenue Received in Advance	25,423,325	2,810,349	3,823,582	24,410,092	3,418,858
Net Pension Liability	293,670,768	191,342,309	150,165,062	334,848,015	1,391,780
Other Noncurrent Liabilities	11,062,715	8,156,851	3,198,925	16,020,641	2,561,783
Total Long-Term Liabilities	\$ 829,152,741	\$ 285,826,241	\$ 220,893,452	\$ 894,085,530	\$ 33,276,593

Capital Improvement Debt Payable

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

Capital Improvement Debt Type and Series	Amount of Original Issue	Principal Amount Outstanding	Unamortized Amount Outstanding (1)	Net Amount Outstanding	Interest Rates (Percent)	Maturity Date To
Auxiliary Revenue Debt:						
2010A Housing	\$ 18,910,000	\$ 14,855,000	\$ (96,852)	\$ 14,758,148	3.5 - 4.75	2040
2011A Housing	27,745,000	17,925,000	(226,416)	17,698,584	3.125 - 4.125	2031
2013A Housing	42,495,000	34,045,000	1,956,073	36,001,073	4.0 - 5.0	2033
2014A Housing	46,085,000	33,490,000	4,829,491	38,319,491	3.25 - 5.0	2031
2015A Housing	59,575,000	52,395,000	4,065,562	56,460,562	3.0 - 5.0	2035
Total Student Housing Debt	194,810,000	152,710,000	10,527,858	163,237,858		
2011A Parking	22,145,000	11,205,000	(41,852)	11,163,148	4.0 - 5.25	2031
2014A Parking	13,485,000	6,230,000	1,069,362	7,299,362	5.0	2025
2017A Parking	7,857,000	5,406,000	(43,441)	5,362,559	2.12	2026
Total Student Parking Debt	43,487,000	22,841,000	984,069	23,825,069		
2005A Dining	10,000,000	3,535,000	-	3,535,000	2.29	2025
2010A Wellness Center	31,320,000	18,975,000	621,350	19,596,350	4.0 - 5.0	2030
Total Auxiliary Debt	279,617,000	198,061,000	12,133,277	210,194,277		
2012 Research Foundation Revenue Debt	11,920,000	7,930,000	724,006	8,654,006	3.0 - 4.0	2031
Total Capital Improvement Debt	\$ 291,537,000	\$ 205,991,000	\$ 12,857,283	\$ 218,848,283		

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

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 \$279.6 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 health center, and other student service facilities. The bonds are payable solely from housing rental income, traffic and parking fees, food service revenues, and assessed student transportation and student health fees, and are payable through 2040. The university has committed to appropriate each year from the housing rental income, traffic and parking fees, food service revenues, and assessed student transportation and student health fees amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$261 million and principal and interest paid for the current year totaled \$23.1 million.

Revenue Pledged	Amount
Housing Rental Income	\$42,905,062
Traffic, Parking and Transportation Fees	12,229,569
Food Service Revenues	2,882,646
Student Health Fees	15,451,764

NOTES TO FINANCIAL STATEMENTS

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

Fiscal Year Ending June 30	General		Direct Placement		Total
	Principal	Interest	Principal	Interest	
2021	\$ 13,745,000	\$ 8,568,081	\$ 1,496,000	\$ 196,683	\$ 24,005,764
2022	14,390,000	7,934,413	1,544,000	163,676	24,032,089
2023	14,290,000	7,265,619	1,595,000	129,591	23,280,210
2024	13,460,000	6,592,107	1,649,000	94,451	21,795,558
2025	14,090,000	5,959,307	1,708,000	57,902	21,815,209
2026-2030	73,055,000	20,310,305	949,000	20,120	94,334,425
2031-2035	48,990,000	6,516,331	-	-	55,506,331
2036-2040	5,030,000	738,625	-	-	5,768,625
Subtotal	197,050,000	63,884,788	8,941,000	662,423	270,538,211
Plus: Unamortized Premiums and (Discounts), Net	12,900,724	-	(43,441)	-	12,857,283
Total	\$ 209,950,724	\$ 63,884,788	\$ 8,897,559	\$ 662,423	\$ 283,395,494

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 and 2017A Parking issues are the only direct placements of the university's capital improvement debt payable. All the remaining issues were offered for public sale.

Capital Leases Payable

The university has capital leases payable related to direct borrowing agreements entered into for equipment totaling \$10,473,043 with stated interest rates ranging from 1.8 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 capital lease agreements and the present value of the minimum payments as of June 30, 2020, are as follows:

Fiscal Year Ending June 30	Amount
2021	\$ 1,565,993
2022	1,524,849
2023	1,524,849
2024	1,483,704
2025	1,360,272
2026-2029	4,117,974
Total Minimum Payments	11,577,641
Less, Amount Representing Interest	1,104,598
Present Value of Minimum Payments	\$ 10,473,043

Compensated Absences Payable

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, university regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The university reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the university expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2020, the estimated liability for compensated absences, which includes the university's share of the Florida Retirement System and FICA contributions, totaled \$82,958,963. The current portion of the compensated absences liability, \$5,506,121, 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, 2020, the university's proportionate share of the total OPEB liability totaled \$206,091,438.

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, 2020, amounted to \$24,410,092, with \$3,418,858 expected to be earned during the 2020-21 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, 2020, the university's proportionate share of the net pension liabilities totaled \$334,848,015.

Other Noncurrent Liabilities

Other noncurrent liabilities mainly consist of the Federal Capital Contribution (advance) provided to fund the university's Federal Perkins Loan Program, and the university's share of Social Security taxes deferred under the Federal CARES Act enacted during the 2019-20 fiscal year. The advance amount totaling \$7,935,872 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. The deferred employer taxes totaling \$6,249,756 as of June 30, along with any additional deferred taxes, will be remitted subsequent to the deferral period ending December 31, 2020.

10. 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 \$206.1 million was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2019. At June 30, 2020, the university's proportionate share, determined by its proportion of total benefit payments made, was 1.63 percent, which was a decrease of 0.2 percent from its proportionate share reported as of June 30, 2019.

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

- ◆ Inflation 2.60 percent
- ◆ Salary Increases Varies by FRS class
- ◆ Discount Rate 2.79 percent

Healthcare cost trend rates for the Preferred Provider Option (PPO) Plan and Health Maintenance Organization (HMO) Plan, respectively, are 6.7 and 5.2 percent for the 2019-20 fiscal year, increasing to a maximum rate of 8.6 and 6.6 percent in the 2022-23 fiscal year, and gradually decreasing to 5.2 and 5.3 percent after the 2070-71 fiscal year.

NOTES TO FINANCIAL STATEMENTS

Retiree premium trend rates for both the PPO and HMO plans are 5.9 percent for the 2019-20 fiscal year, increasing to a maximum of 7.4 percent for 2022-23 fiscal year, and gradually decreasing to 5.2 percent after the 2070-71 fiscal year.

The discount rate was based on the S&P Municipal Bond 20-year High Grade Rate Index. This is a change from the prior year discount rate which was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period January 1, 2010, through December 31, 2014, adopted by the FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the July 1, 2019, valuation were based on a review of recent plan experience done concurrently with the July 1, 2019, valuation.

The following changes have been made since the prior valuation:

- ◆ The census data reflects changes in status for the twenty-four (24) month period since July 1, 2019.
- ◆ The discount rate as of the measurement date for GASB 75 purposes is 2.79 percent. The prior GASB 75 report used 3.87 percent. The GASB 75 discount rate is based on the 20-year municipal bond rate as of June 30, 2019.
- ◆ In addition, the liability was increased by approximately 12 percent to reflect the full impact of the Excise Tax that will come into effect in 2022. There is a reasonable chance that this tax will be repealed before it actually takes effect.
- ◆ The assumed claims and premiums reflect the actual claims information as well as the premiums that are actually being charged to participants. These updates resulted in lower liabilities as of June 30, 2019.
- ◆ The medical trend assumption is updated each year based on the Getzen Model. The medical trend rates used are consistent with the August 2019 Report on the Financial Outlook of the Plan along with information from the Getzen Model and actuarial judgment. The impact of the trend rate changes is a decrease in the liability, due primarily to lower trend rates in the first several years.
- ◆ The mortality rates were updated to those required by Chapter 2015-157, Florida Statutes for pension plans. This law mandates the use of the assumption used in either of the two most recent valuations of the FRS. The rates are those outlined in Milliman's July 1, 2018 FRS valuation report. The impact of this change was very small and does not materially impact the results.

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate – The following 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 (1.79 percent) or 1 percentage-point higher (3.79 percent) than the current rate:

	1% Decrease (1.79%)	Current Discount Rate (2.79%)	1% Increase (3.79%)
University's proportionate share of the total OPEB liability	\$ 251,633,163	\$ 206,091,438	\$ 171,045,755

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 rate:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
University's proportionate share of the total OPEB liability	\$ 166,604,573	\$ 206,091,438	\$ 260,398,901

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

For the fiscal year ended June 30, 2020, the university recognized OPEB expense of \$13,902,774. At June 30, 2020, the university reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,305,959
Changes of assumptions or other inputs	25,840,014	29,143,699
Changes in proportion and differences between university benefit payments and proportionate share of benefit payments	3,969,125	1,985,817
Transactions subsequent to the measurement date	2,730,138	-
Total	\$ 32,539,277	\$ 36,435,475

Of the total amount reported as deferred outflows of resources related to OPEB, \$2,730,138 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2021	\$ (2,059,761)
2022	(2,059,761)
2023	(2,059,761)
2024	(2,059,761)
2025	(2,059,761)
Thereafter	3,672,469
Total	\$ (6,626,336)

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

The university's pension expense for the FRS and HIS cost-sharing multiple-employer defined benefit plans totaled \$75,854,724 for the 2019-20 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

NOTES TO FINANCIAL STATEMENTS

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 2019-20 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (1)
Florida Retirement System, Regular	3.00	8.47
Florida Retirement System, Senior Management Service	3.00	25.41
Florida Retirement System, Special Risk	3.00	25.48
Teachers' Retirement System, Plan E	6.25	11.90
Deferred Retirement Option Program - Applicable to		
Members from All of the Above Classes or Plan	0.00	14.60
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 \$24,563,022 for the fiscal year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the university reported a liability of \$262,063,652 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The university's proportionate share of the net pension liability was based on the university's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the university's proportion was 0.76 percent, which was an increase of .01 percent from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the university recognized pension expense of \$69,957,375. 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	\$	15,543,744	\$	162,634
Changes of assumptions		67,309,221		-
Net difference between projected and actual earnings on pension plan investments		-		14,498,729
Changes in proportion and differences between university contributions and proportionate share of contributions		7,906,663		210,969
University contributions subsequent to the measurement date		24,563,022		-
Total	\$	115,322,650	\$	14,872,332

The deferred outflows of resources totaling \$24,563,022, 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2021	\$ 27,712,814
2022	8,802,080
2023	19,233,441
2024	14,838,712
2025	4,258,105
Thereafter	1,042,144
Total	\$ 75,887,296

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

- ◆ Inflation 2.60 percent
- ◆ Salary Increases 3.25 percent, average, including inflation
- ◆ Investment Rate of Return 6.90 percent, net of Plan investment expense, including inflation

Mortality rates were based on the PUB2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on 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%	3.3%	3.3%	1.2%
Fixed Income	18.0%	4.1%	4.1%	3.5%
Global Equity	54.0%	8.0%	6.8%	16.5%
Real Estate (Property)	10.0%	6.7%	6.1%	11.7%
Private Equity	11.0%	11.2%	8.4%	25.8%
Strategic Investments	6.0%	5.9%	5.7%	6.7%
Total	100.0%			
Assumed Inflation - Mean			2.6%	1.7%

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

NOTES TO FINANCIAL STATEMENTS

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2019 valuation was updated from 7.00 percent to 6.90 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the university's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the university's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
University's proportionate share of the net pension liability	\$ 453,020,787	\$ 262,063,652	\$ 102,582,144

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

HIS Pension Plan

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

Benefits Provided - For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The university contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The university's contributions to the HIS Plan totaled \$3,657,181 for the fiscal year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the university reported a liability of \$72,784,363 for its proportionate share of the net pension liability. The current portion of the net pension liability is the university's proportionate share of benefit payments expected to be paid within one year, net of the university's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, and update procedures were used to determine liabilities as of June 30, 2019. The university's proportionate share of the net pension liability was based on the university's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the university's proportion was 0.65 percent, which was equal to its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the university recognized pension expense of \$5,897,349. 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	\$ 884,047	\$ 89,122
Changes of assumptions	8,427,742	5,948,801
Net difference between projected and actual earnings on HIS Plan investments	46,967	-
Changes in proportion and differences between university contributions and proportionate share of contributions	1,040,285	700,550
University contributions subsequent to the measurement date	3,657,181	-
Total	\$ 14,056,222	\$ 6,738,473

The deferred outflows of resources totaling \$3,657,181 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, 2021. 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
2021	\$ 1,730,234
2022	1,285,262
2023	606,486
2024	(542,690)
2025	26,362
Thereafter	554,914
Total	\$ 3,660,568

Actuarial Assumptions - The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 3.50 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. As part of the update procedures applied to the 2018 valuation, the discount rate was revised from 3.87 percent to 3.50 percent.

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

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
University's proportionate share of the net pension liability	\$ 83,087,082	\$ 72,784,363	\$ 64,203,365

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

12. 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 Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in 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 2019-20 fiscal year were as follows:

Class or Plan	Percent of Gross Compensation
Florida Retirement System, Regular	6.30
Florida Retirement System, Senior Management Service	7.67
Florida Retirement System, Special Risk	14.00

NOTES TO FINANCIAL STATEMENTS

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the university.

After termination and applying to receive benefits, the member may 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 \$4,445,819 and employee contributions totaled \$1,517,741 for the 2019-20 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, 3.56 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 8.71 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the university to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The university's contributions to the ORP totaled \$24,849,555 and employee contributions totaled \$14,006,266 for the 2019-20 fiscal year.

13. CONSTRUCTION COMMITMENTS

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

Project Description	Total Commitment	Completed to Date	Committed Balance
Student Union Expansion	\$ 139,678,838	\$ 41,493,299	\$ 98,185,539
Legacy Hall, College of Business	88,000,000	2,434,749	85,565,251
Interdisciplinary Research Commercialization Building	27,873,304	4,499,636	23,373,668
Biology Medical Research Building	20,000,000	11,337,078	8,662,922
Hoffman Teaching Lab Renovations	17,200,000	10,886,219	6,313,781
Center for Advanced Power Systems Research Building	9,700,000	3,940,188	5,759,812
Florida State University Schools STEAM Building	6,500,000	2,966,032	3,533,968
Other (1)	123,099,155	18,894,564	104,204,591
Total	\$ 432,051,297	\$ 96,451,765	\$ 335,599,532

(1) All other projects with committed balances less than \$5 million.

14. RISK MANAGEMENT PROGRAMS

The university is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the university participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2019-20 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$68.5 million for named windstorm and flood losses through February 14, 2020, and decreased to \$62.5 million starting February 15, 2020. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$225 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage

is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

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

University Self-Insurance Program

The Florida 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 2019-20 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
2018-19	\$ 516,411	\$ (77,501)	\$ (757)	\$ 438,153
2019-20	438,153	(3,098)	-	435,055

15. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of 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	\$ 418,033,153
Research	182,445,339
Public Service	36,896,261
Academic Support	127,755,340
Student Services	57,047,042
Institutional Support	86,643,567
Operation and Maintenance of Plant	103,957,260
Scholarships and Fellowships	136,880,541
Depreciation	89,376,158
Auxiliary Enterprises	161,265,395
Total Operating Expenses	\$ 1,400,300,056

16. SEGMENT INFORMATION

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, and liabilities are required to be accounted for separately. The following financial information for the university's 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	\$ 6,770,288	\$ 75,599,616
Capital Assets, Net	65,555,203	281,400,416
Other Noncurrent Assets	3,018,377	10,319,531
Total Assets	75,343,868	367,319,563
Liabilities		
Current Liabilities	4,029,317	10,910,810
Noncurrent Liabilities	19,925,446	154,590,936
Total Liabilities	23,954,763	165,501,746
Net Position		
Net Investment in Capital Assets	41,730,134	118,162,557
Restricted - Expendable	2,967,619	10,394,154
Unrestricted	6,691,352	73,261,106
Total Net Position	\$ 51,389,105	\$ 201,817,817

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

Operating Revenues	\$ 12,229,569	\$ 42,905,062
Depreciation Expense	(1,969,692)	(8,347,570)
Other Operating Expenses	(6,464,817)	(22,824,450)
Operating Income	3,795,060	11,733,042
Net Nonoperating Revenues (Expenses)	(389,279)	1,522,465
Income Before Other Revenues, Expenses, Gains, or Losses	3,405,781	13,255,507
Other Revenues, Expenses, Gains, or Losses	(247,843)	(1,313,717)
Increase in Net Position	3,157,938	11,941,790
Net Position, Beginning of Year	48,231,167	189,876,027
Net Position, End of Year	\$ 51,389,105	\$ 201,817,817

Condensed Statement of Cash Flows

Net Cash Provided (Used) by:		
Operating Activities	\$ 5,735,517	\$ 20,584,511
Noncapital Financing Activities	(247,843)	(1,313,717)
Capital and Related Financing Activities	(4,783,116)	(19,117,710)
Investing Activities	(695,290)	(262,226)
Net Increase (Decrease) in Cash and Cash Equivalents	9,268	(109,142)
Cash and Cash Equivalents, Beginning of Year	26,126	194,430
Cash and Cash Equivalents, End of Year	\$ 35,394	\$ 85,288

17. DISCRETELY PRESENTED COMPONENT UNITS

The university has twelve 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 6/30/2020	Boosters 6/30/2020	Research Foundation 6/30/2020	International Programs Association 9/30/2019	Florida State University Schools 6/30/2020	Other Component Units 6/30/2020	Total
Condensed Statement of Net Position							
Assets:							
Current Assets	\$ 45,720,705	\$ 34,045,054	\$ 156,705,348	\$ 20,055,838	\$ 27,425,148	\$ 19,719,081	\$ 303,671,174
Capital Assets, Net	5,619,357	204,133,006	15,158,342	27,799,620	21,909,384	594,544	275,214,253
Other Noncurrent Assets	678,748,998	176,206,628	10,020,654	353,587	-	5,888,529	871,218,396
Total Assets	730,089,060	414,384,688	181,884,344	48,209,045	49,334,532	26,202,154	1,450,103,823
Deferred Outflows of Resources	-	1,648,172	-	-	-	-	1,648,172
Liabilities:							
Current Liabilities	11,201,456	64,351,369	20,790,917	2,905,636	10,106,254	7,597,532	116,953,164
Noncurrent Liabilities	11,870,903	178,133,865	8,251,999	327,816	9,431,439	12,415,850	220,431,872
Total Liabilities	23,072,359	242,485,234	29,042,916	3,233,452	19,537,693	20,013,382	337,385,036
Deferred Inflows of Resources	12,975,909	-	-	-	-	1,785,979	14,761,888
Net Position:							
Net Investment in Capital Assets	2,466,378	29,643,946	6,311,343	27,799,620	12,543,961	594,544	79,359,792
Restricted, Nonexpendable	456,823,214	47,823,619	-	-	-	1,820,572	506,467,405
Restricted, Expendable	234,091,308	108,306,108	-	-	8,144,161	1,730,529	352,272,106
Unrestricted	659,892	(12,226,047)	146,530,085	17,175,973	9,108,717	257,148	161,505,768
Total Net Position	\$ 694,040,792	\$ 173,547,626	\$ 152,841,428	\$ 44,975,593	\$ 29,796,839	\$ 4,402,793	\$ 1,099,605,071
Condensed Statement of Revenues, Expenses, and Changes in Net Position							
Operating Revenues	\$ 29,001,093	\$ 59,285,918	\$ 16,655,065	\$ 23,217,097	\$ 17,427,541	\$ 12,504,203	\$ 158,090,917
Operating Expenses	60,013,336	64,437,433	15,631,483	18,896,318	13,287,754	28,587,066	200,853,390
Operating Income (Loss)	(31,012,243)	(5,151,515)	1,023,582	4,320,779	4,139,787	(16,082,863)	(42,762,473)
Net Nonoperating Revenues (Expenses)	2,226,077	(3,045,908)	5,301,880	324,577	288,856	2,377,440	7,472,922
Other Revenues, Expenses, Gains, and Losses	11,469,478	7,220,671	-	-	155,912	-	18,846,061
Increase (Decrease) in Net Position	(17,316,688)	(976,752)	6,325,462	4,645,356	4,584,555	(13,705,423)	(16,443,490)
Net Position, Beginning of Year	711,357,480	174,524,378	146,515,966	40,330,237	25,212,284	18,579,474	1,116,519,819
Adjustment to Beginning Net Position	-	-	-	-	-	(471,258)	(471,258)
Net Position, End of Year	\$ 694,040,792	\$ 173,547,626	\$ 152,841,428	\$ 44,975,593	\$ 29,796,839	\$ 4,402,793	\$ 1,099,605,071

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

Description	2019 (1)	2018 (1)	2017 (1)
University's proportion of the total other postemployment benefits liability	1.63%	1.65%	1.65%
University's proportionate share of the total other postemployment benefits liability	\$206,091,438	\$174,101,000	\$178,386,000
University's covered payroll	\$482,527,134	\$455,890,734	\$438,212,856
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered payroll	42.71%	38.19%	40.71%

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

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, 2020 proportionate share of the total OPEB liability increased from the prior fiscal year as a result of changes to assumptions as discussed below:

Changes of assumptions - In 2020, amounts reported as changes of assumptions resulted from adjustments to the discount rate which is based on the 20-year municipal bond rate as of June 30, 2019, and the full impact of the excise tax that will come into effect in 2022. The municipal bond rate used to determine OPEB liability decreased from 3.87 percent to 2.79 percent. Refer to Note 10 to the financial statements for further detail.

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

Description	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's proportion of the FRS net pension liability	0.76%	0.75%	0.72%	0.72%	0.72%	0.70%	0.55%
University's proportionate share of the FRS net pension liability	\$ 262,063,652	\$ 225,130,592	\$ 212,443,411	\$ 181,310,252	\$ 93,262,711	\$ 42,528,294	\$ 94,644,224
University's covered payroll (2)	\$ 482,527,134	\$ 455,890,734	\$ 438,212,856	\$ 423,172,345	\$ 407,099,915	\$ 389,854,458	\$ 368,648,639
University's proportion of the FRS net pension liability as a percentage of its covered payroll	54.31%	49.38%	48.48%	42.85%	22.91%	10.91%	25.67%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

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

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

SCHEDULE OF UNIVERSITY CONTRIBUTIONS - FLORIDA RETIREMENT SYSTEM PENSION PLAN

Description	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually required FRS contribution	\$ 24,563,022	\$ 23,595,217	\$ 21,301,230	\$ 18,696,925	\$ 17,510,994	\$ 17,604,243	\$ 15,267,633
FRS contributions in relation to the contractually required FRS contribution	(24,563,022)	(23,595,217)	(21,301,230)	(18,696,925)	(17,510,994)	(17,604,243)	(15,267,633)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll (2)	\$ 503,662,186	\$ 482,527,134	\$ 455,890,734	\$ 438,212,856	\$ 423,172,345	\$ 407,099,915	\$ 389,854,458
FRS contributions as a percentage of covered payroll	4.88%	4.89%	4.67%	4.27%	4.14%	4.32%	3.92%

(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.

Changes of assumptions - The long-term expected rate of return was decreased from 7.00 percent to 6.90 percent, and the active member mortality assumption was updated.

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

Description	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's proportion of the HIS net pension liability	0.65%	0.65%	0.65%	0.66%	0.65%	0.64%	0.62%
University's proportionate share of the HIS net pension liability	\$ 72,784,363	\$ 68,540,176	\$ 69,890,112	\$ 76,700,313	\$ 66,652,215	\$ 59,936,732	\$ 54,347,452
University's covered payroll (2)	\$ 216,222,787	\$ 209,298,557	\$ 206,288,311	\$ 201,302,795	\$ 196,319,296	\$ 188,768,602	\$ 179,775,016
University's proportion of the HIS net pension liability as a percentage of its covered payroll	33.66%	32.75%	33.88%	38.10%	33.95%	31.75%	30.23%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

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

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

SCHEDULE OF UNIVERSITY CONTRIBUTIONS - HEALTH INSURANCE SUBSIDY PENSION PLAN

Description	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually required HIS contribution	\$ 3,657,181	\$ 3,612,160	\$ 3,511,821	\$ 3,459,247	\$ 3,373,247	\$ 2,498,290	\$ 2,195,911
HIS contributions in relation to the contractually required HIS contribution	(3,657,181)	(3,612,160)	(3,511,821)	(3,459,247)	(3,373,247)	(2,498,290)	(2,195,911)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 218,367,106	\$ 216,222,787	\$ 209,298,557	\$ 206,288,311	\$ 201,302,795	\$ 196,319,296	\$ 188,768,602
HIS contributions as a percentage of covered payroll	1.67%	1.67%	1.68%	1.68%	1.68%	1.27%	1.16%

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

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

Changes of assumptions - The 20-year municipal bond rate used to determine total pension liability decreased from 3.87 percent to 3.50 percent.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 29, 2021, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
January 29, 2021
Audit Report No. 2021-119



FLORIDA STATE UNIVERSITY BOARD OF TRUSTEES

Edward E. “Ed” Burr, Chair
Maximo “Max” Alvarez
Kathryn Ballard
William “Billy” Buzzett
Emily “June” Duda
Jorge Gonzalez
Jim W. Henderson
Craig Mateer
Bob Sasser
Brent Sembler
John Thiel
Eric Chicken, Faculty Senate President
Jonathan Levin, Student Body President

FLORIDA STATE UNIVERSITY CABINET

John Thrasher, President
Sally E. McRorie, Provost and Executive Vice President for Academic Affairs
Kyle C. Clark, Vice President for Finance and Administration
Amy Hecht, Vice President for Student Affairs
Thomas W. Jennings, Vice President for University Advancement
Janet Kistner, Vice President for Faculty Development and Advancement
Gary K. Ostrander, Vice President for Research
Kathleen Daly, Associate Vice President for University Relations
Browning Brooks, Assistant Vice President for University Communications
David Coburn, Athletics Director
Elizabeth Hirst, Chief of Staff
Carolyn Egan, General Counsel

PRINCIPAL FINANCE AND ACCOUNTING OFFICIALS

Michael Williams, Associate Vice President for Finance and Administration
Judd Enfinger, University Controller
Kimberly McMurray, Senior Associate Controller for Accounting Services
John Bembry, Director of Student Business Services
Carla Daniels, Associate Controller of Disbursement Services
Betsy Miller, Director of Compliance Services
Beverly Miller, Associate Controller of Payroll Services
Peter Walker, Associate Controller of Accounting and Reporting Services

EDITOR

Karen Welling, CPA

GRAPHIC DESIGN

University Communications, Creative Services

OFFICE OF INSTITUTIONAL RESEARCH

James Hunt
Andrew Brady



Florida State University
Annual Report 2019–2020