STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2025-171
March 2025

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY

For the Fiscal Year Ended
June 30, 2024

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2023-24 fiscal year, Dr. Larry Robinson served as President of Florida Agricultural and Mechanical University and the following individuals served as Members of the Board of Trustees:

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

The team leader was Michael Nichols, and the audit was supervised by Maria G. Loar, CPA.

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

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FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY

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SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

We noted a certain matter involving the University's internal control over financial reporting and its operation that we consider to be a significant deficiency, as summarized below. However, this significant deficiency is not considered to be a material weakness.

Significant Deficiency

Finding No. 2024-001: University controls need improvement to ensure that the accounting records and annual financial report are accurate.

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

AUDIT OBJECTIVES AND SCOPE

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

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

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

AUDIT METHODOLOGY

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Florida Agricultural and Mechanical University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Florida Agricultural and Mechanical University and of its aggregate discretely presented component units as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns as of June 30, 2024. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025, on our consideration of the Florida Agricultural and Mechanical University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Florida Agricultural and Mechanical University's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 2025

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, 2024, 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, 2024, and June 30, 2023.

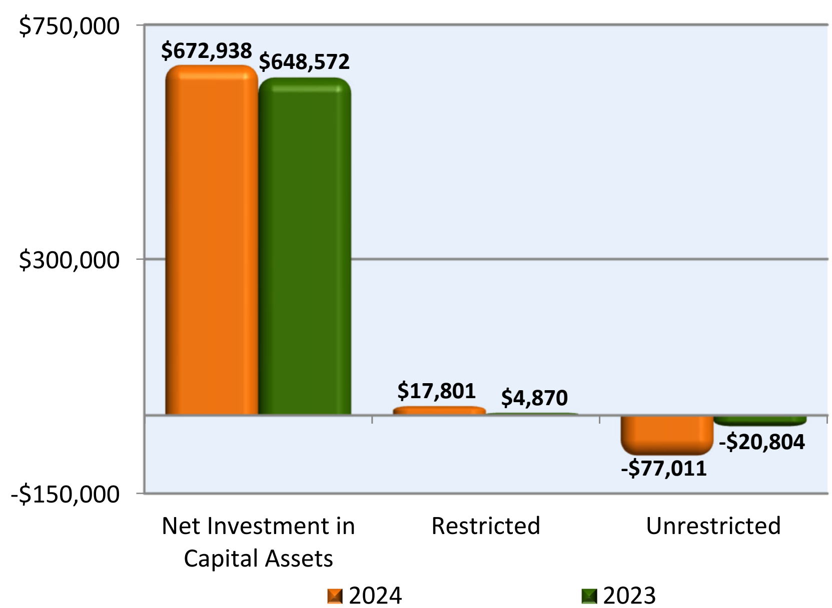
FINANCIAL HIGHLIGHTS

The University's assets and deferred outflows of resources totaled $900.5 million at June 30, 2024. This balance reflects a $3.2 million, or 0.4 percent, decrease as compared to the 2022-23 fiscal year. While assets and deferred outflows of resources decreased, liabilities and deferred inflows of resources increased by $15.7 million, or 5.8 percent, totaling $286.8 million at June 30, 2024, resulting from an increase in noncurrent liabilities of $17.5 million primarily due to an increase in the net pension liability, partially offset by a decrease in current liabilities of $2.8 million. As a result, the University's net position decreased by $18.9 million, resulting in a year-end balance of $613.7 million.

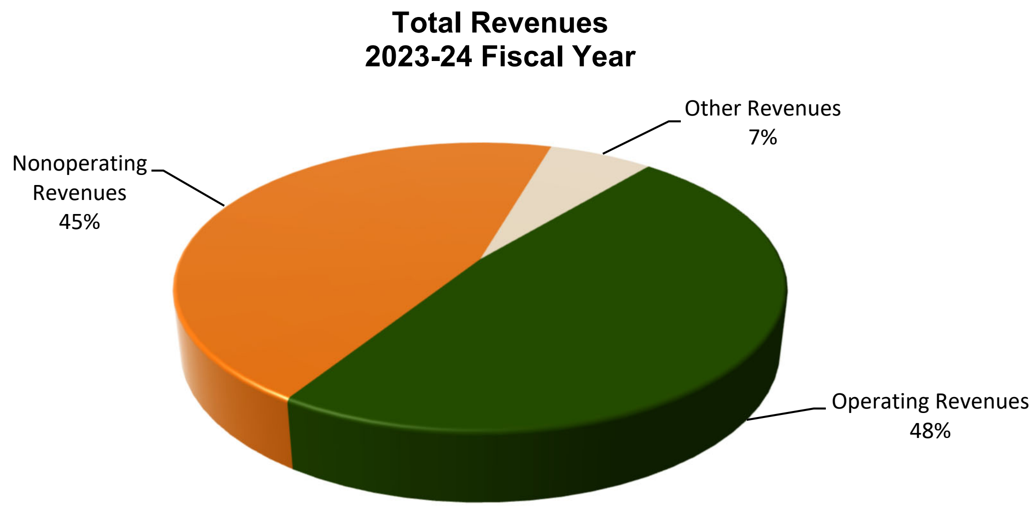
Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2024, and June 30, 2023, is shown in the following graph:

Net Position

(In Thousands)



The following chart provides a graphical presentation of University revenues by category for the 2023-24 fiscal year:



Overview of Financial Statements

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the University's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component units. These component units include: Florida Agricultural and Mechanical University Foundation, Inc. (Foundation), the Florida Agricultural and Mechanical University National Alumni Association, Inc. (Alumni Association), and FAMU Rattler Boosters, Inc. (Boosters). Based on the application of the criteria for determining component units, the Foundation, Alumni Association, and Boosters are included within the University reporting entity as discretely presented component units.

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

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2024	2023
Assets		
Current Assets	$ 162,093	$ 186,602
Capital Assets, Net	697,873	666,066
Other Noncurrent Assets	366	6,963
Total Assets	860,332	859,631
Deferred Outflows of Resources	40,237	44,119
Liabilities		
Current Liabilities	55,479	58,238
Noncurrent Liabilities	191,300	173,794
Total Liabilities	246,779	232,032
Deferred Inflows of Resources	40,062	39,080
Net Position		
Net Investment in Capital Assets	672,938	648,572
Restricted	17,801	4,870
Unrestricted	(77,011)	(20,804)
Total Net Position	$ 613,728	$ 632,638

Total assets increased by $0.7 million, total liabilities increased by $14.7 million, and total net position decreased by $18.9 million. Current assets decreased primarily due to a decrease in cash and cash equivalents, and investments primarily due to a decrease in nonoperating revenues not accompanied by a corresponding decrease in expenses, this was offset by an increase net capital assets primarily due to increases in construction in progress and furniture and equipment. The increase in noncurrent liabilities of $17.5 million was primarily due to the increase in net pension liability.

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

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

The following summarizes the University's activity for the 2023-24 and 2022-23 fiscal years:

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

(In Thousands)

	2023-24	**2022-23**
Operating Revenues	$ 179,694	$ 173,470
Less, Operating Expenses	385,874	375,003
Operating Loss	(206,180)	(201,533)
Net Nonoperating Revenues	162,567	218,507
Income (Loss) Before Other Revenues	(43,613)	16,974
Other Revenues	24,703	63,495
Net Increase (Decrease) In Net Position	(18,910)	80,469
Net Position, Beginning of Year	632,638	552,169
Net Position, End of Year	$ 613,728	$ 632,638

Operating Revenues

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

The following summarizes the operating revenues by source that were used to fund operating activities for the 2023-24 and 2022-23 fiscal years:

Operating Revenues
For the Fiscal Years

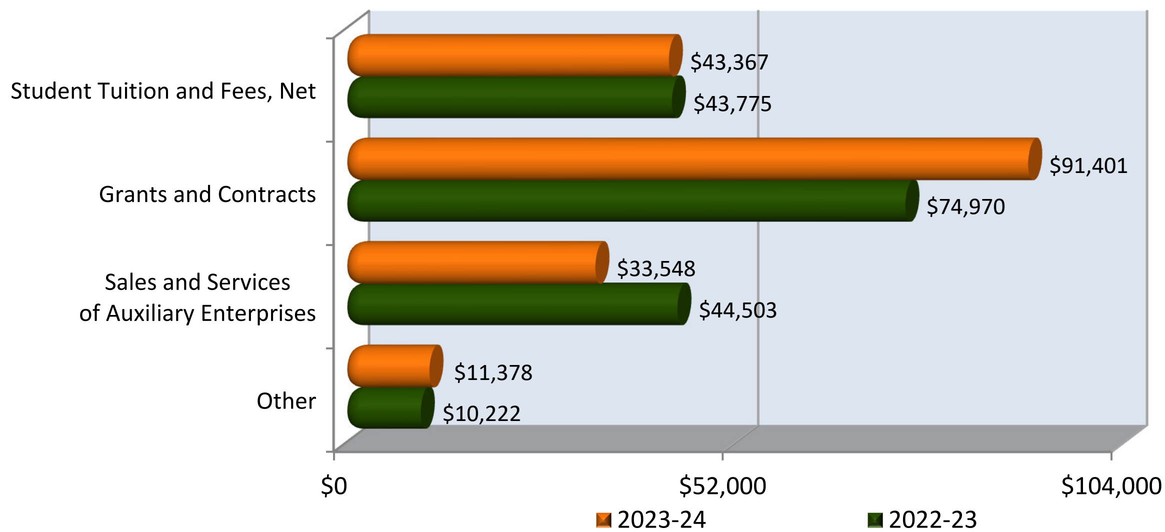
(In Thousands)

	2023-24	**2022-23**
Student Tuition and Fees, Net	$ 43,367	$ 43,775
Grants and Contracts	91,401	74,970
Sales and Services of Auxiliary Enterprises	33,548	44,503
Other	11,378	10,222
Total Operating Revenues	$ 179,694	$ 173,470

The following chart presents the University's operating revenues for the 2023-24 and 2022-23 fiscal years:

Operating Revenues

(In Thousands)



Grants and contracts increased $16.4 million or 21.9 percent mainly due to increases in Federal grant and contract funding.

<u>Operating Expenses</u>

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

The following summarizes operating expenses by natural classification for the 2023-24 and 2022-23 fiscal years:

Operating Expenses
For the Fiscal Years

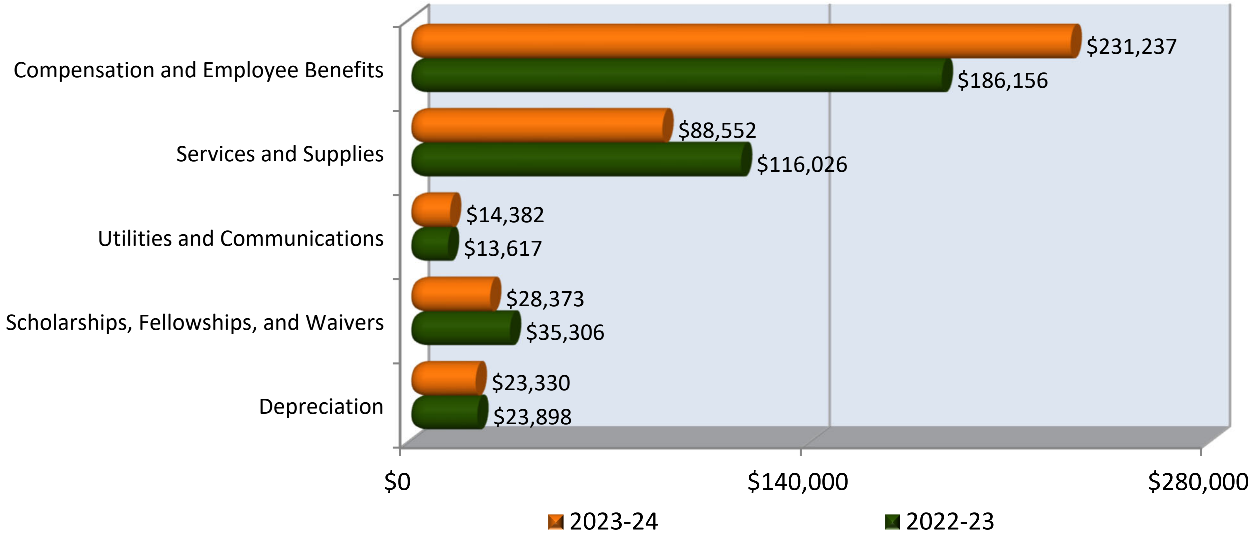
(In Thousands)

	2023-24	**2022-23**
Compensation and Employee Benefits	$ 231,237	$ 186,156
Services and Supplies	88,552	116,026
Utilities and Communications	14,382	13,617
Scholarships, Fellowships, and Waivers	28,373	35,306
Depreciation	23,330	23,898
Total Operating Expenses	$ 385,874	$ 375,003

The following chart presents the University's operating expenses for the 2023-24 and 2022-23 fiscal years:

Operating Expenses

(In Thousands)



Total operating expenses increased by $10.9 million, or 2.9 percent, as compared to the 2022-23 fiscal year primarily due to the following factors:

Compensation and employee benefits increased by $45.1 million, or 24.2 percent, primarily due to an increase in salaries, benefits, and pension expense tied to the increase in net pension liability.

Services and supplies decreased by $27.5 million, or 23.7 percent, as compared to the 2022-23 fiscal year due to a decrease in spending for professional services as well as repairs and maintenance.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2023-24 and 2022-23 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2023-24	**2022-23**
State Noncapital Appropriations	$ 126,583	$ 130,007
Federal and State Student Financial Aid	33,108	36,279
Noncapital Grants, Contracts, and Gifts	6,486	56,009
Investment Income	1,839	1,086
Other Nonoperating Revenues	628	175
Unrealized Gain on Investments	1,934	1,203
Loss on Disposal of Capital Assets	(2,255)	(5,712)
Interest on Capital Asset-Related Debt	(685)	(346)
Other Nonoperating Expenses	(5,071)	(194)
Net Nonoperating Revenues	$ 162,567	$ 218,507

Net nonoperating revenues decreased by $55.9 million, or 25.6 percent, as compared to the 2022-23 fiscal year primarily due to the following factors:

Federal and State student financial aid revenues decreased by $3.2 million primarily due to the decrease in Federal funding from the Higher Education Emergency Relief Fund (HEERF) student aid awards.

Noncapital grants, contracts, and gifts decreased by $49.5 million primarily due to the decrease in Federal funding from HEERF institutional awards.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2023-24 and 2022-23 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2023-24	**2022-23**
State Capital Appropriations	$24,697	$56,520
Capital Grants, Contracts, Donations, and Fees	6	6,975
Total	$24,703	$63,495

State capital appropriations decreased by $31.8 million, primarily due to a decline in legislative capital appropriations.

The Statement of Cash Flows

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

The following summarizes cash flows for the 2023-24 and 2022-23 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2023-24	2022-23
Cash Provided (Used) by:		
Operating Activities	$ (163,399)	$ (168,661)
Noncapital Financing Activities	161,870	223,406
Capital and Related Financing Activities	(30,987)	(50,236)
Investing Activities	1,839	1,087
Net Increase (Decrease) in Cash and Cash Equivalents	(30,677)	5,596
Cash and Cash Equivalents, Beginning of Year	53,521	47,925
Cash and Cash Equivalents, End of Year	$ 22,844	$ 53,521

Major sources of funds came from State noncapital appropriations ($126.6 million), grants and contracts ($88.6 million), net student tuition and fees ($43.4 million), sales and services of auxiliary enterprises ($33.5 million), Federal and State student financial aid ($33.1 million), and State capital appropriations ($21.9 million). Major uses of funds were for payments to employees totaling $206.8 million; payments to suppliers for goods and services totaling $105.3 million; payments to students for scholarships and fellowships totaling $28.4 million; and purchase or construction of capital assets totaling $52.4 million.

Capital Assets, Capital Expenses and Commitments, and Debt Administration

Capital Assets

At June 30, 2024, the University had $1.1 billion in capital assets, less accumulated depreciation of $390.8 million, for net capital assets of $697.9 million. Depreciation charges for the current fiscal year totaled $23.3 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2024	2023
Land	$ 25,369	$ 25,369
Works of Art and Historical Treasures	1,133	1,155
Construction in Progress	51,008	22,103
Buildings	513,426	517,826
Infrastructure and Other Improvements	73,176	70,857
Furniture and Equipment	30,152	24,498
Library Resources	2,553	3,640
Lease Assets	327	582
Subscription-Based Information Technology Arrangements	727	-
Computer Software	2	36
Capital Assets, Net	$ 697,873	$ 666,066

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2024, were incurred on the following projects: Student Housing, Maintenance and Renovation projects, and Campus Infrastructure. The University's construction commitments at June 30, 2024, are as follows:

	Amount (In Thousands)
Total Committed	$ 209,341
Completed to Date	51,008
Balance Committed	$ 158,333

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

Debt Administration

As of June 30, 2024, the University had $15.2 million in outstanding long-term debt, representing an increase of $1.2 million, or 8.4 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	2024	2023
Capital Improvement Debt Payable	$ 2,449	$ -
Leases Payable	275	599
Subscription Arrangements Liability	565	-
Other Noncurrent Liabilities	11,898	13,407
Total	$ 15,187	$ 14,006

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Florida Agricultural and Mechanical University's (FAMU) *Strategic Plan 2022-2027: Boldly Striking* addresses key economic factors that will affect FAMU's future. Strategic Priority 4: Long-term Fiscal Health and Sustainability is predicated upon a strategic budgeting process, attracting additional streams of revenue, expanding Federal and State advocacy and enhancing sponsored research.

As a public institution, the condition of the State of Florida's economy is the primary factor impacting the University's future. In July 2024, the Florida Economic Estimating Conference adopted a new forecast for the State's economy which projected stabilization to the economic environment with improving conditions expected over the forecast horizon. However, considerable economic uncertainty was still a factor causing growth projections in General Revenue collections to remain comparatively modest at less than 1 percent for the 2024-25 fiscal year. Although the State's economy expanded by 4.5 percent in the 2023-24 fiscal year, the Conference expects growth to decelerate to 2.1 percent and 1.9 percent over the current and next fiscal years as businesses and consumers transition from a high inflation/high-interest rate environment to more normal conditions. Beginning in the 2026-27 fiscal year, the economy will stabilize at its characteristic 2 to 2.1 percent growth per year.

FAMU's budget relies heavily on State appropriations. Changes in State funding levels, budget allocations, and government policies can significantly impact the university's financial stability. We expect that enrollment, tuition, and fee structures will remain stable for the 2024-25 fiscal year as they have for the prior fiscal year. With limited economic growth we expect State appropriations to remain stable and only realize modest increases for the 2024-25 fiscal year.

FAMU has adopted a forward-thinking strategic plan tied to aggressive goals which has increased the demand for resources. The University submitted a commensurate Legislative Budget Request that is anticipated to yield an increase in State appropriations to enhance student success initiatives and support academic programs.

The University has several innovative initiatives to increase both endowment and contract and grants funding while implementing measures to control costs, improve efficiency and effectiveness, and direct limited funds to strategic priorities through our strategic budgeting processes. Collectively, these measures are expected to effectively align resources with FAMU's strategies, priorities and goals –

moving FAMU forward as the nation's top public HBCU; one of the nation's top 100 public universities; pursuing Carnegie R1 classification; and enhancing the lives of our students and their families for generations to come with strong performance in the Social Mobility Index.

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 W. Rebecca Brown, Vice President for Financial Services, Florida Agricultural and Mechanical University, 1601 South Martin Luther King Jr. Blvd., Tallahassee, Florida 32307.

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

June 30, 2024

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 22,843,886	$ 14,866,013
Investments	57,340,496	2,383,336
Accounts Receivable, Net	20,607,504	2,305,716
Due from State	59,845,149	-
Inventories	1,454,167	-
Other Current Assets	1,818	476,725
Total Current Assets	162,093,020	20,031,790
Noncurrent Assets:		
Restricted Investments	122,462	188,013,976
Loans and Notes Receivable, Net	244,197	-
Depreciable Capital Assets, Net	620,452,507	405,492
Nondepreciable Capital Assets	77,420,171	27,000
Other Noncurrent Assets	-	2,940,227
Total Noncurrent Assets	698,239,337	191,386,695
Total Assets	860,332,357	211,418,485
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	11,222,443	-
Pensions	29,014,534	-
Total Deferred Outflows of Resources	40,236,977	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	17,529,840	766,480
Construction Contracts Payable	9,747,886	-
Salary and Wages Payable	4,338,042	135,934
Deposits Payable	3,716,370	-
Unearned Revenue	15,118,155	-
Other Current Liabilities	-	586,764
Long-Term Liabilities - Current Portion:		
Leases Payable	203,820	-
Subscription Arrangements Liability	278,415	-
Compensated Absences Payable	1,833,025	-
Other Postemployment Benefits Payable	1,242,905	-
Other Current Liabilities	1,471,438	-
Total Current Liabilities	55,479,896	1,489,178

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	2,449,252	-
Leases Payable	71,012	-
Subscription Arrangement Liability	286,407	-
Compensated Absences Payable	23,772,311	-
Other Postemployment Benefits Payable	46,535,158	-
Net Pension Liability	107,759,469	-
Other Long Term Liabilities	10,426,120	124,447
Total Noncurrent Liabilities	191,299,729	124,447
Total Liabilities	246,779,625	1,613,625
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	33,459,776	-
Pensions	6,601,735	-
Total Deferred Inflows of Resources	40,061,511	-
NET POSITION		
Net Investment in Capital Assets	672,938,328	144,723
Restricted for Nonexpendable:		
Endowment	-	106,608,904
Restricted for Expendable:		
Capital Projects	17,800,833	-
Other	-	98,163,871
Unrestricted	(77,010,963)	4,887,362
TOTAL NET POSITION	$ 613,728,198	$ 209,804,860

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

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FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2024

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $43,948,538	$ 43,367,315	$ -
Federal Grants and Contracts	68,919,082	-
State and Local Grants and Contracts	18,497,429	-
Nongovernmental Grants and Contracts	3,984,246	-
Sales and Services of Auxiliary Enterprises	33,548,072	-
Other Operating Revenues	11,377,677	42,378,323
Total Operating Revenues	179,693,821	42,378,323
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	231,237,017	3,899,001
Services and Supplies	88,552,128	10,112,333
Utilities and Communications	14,381,523	46,455
Scholarships, Fellowships, and Waivers	28,373,031	6,577,604
Depreciation	23,330,243	171,399
Total Operating Expenses	385,873,942	20,806,792
Operating Income (Loss)	(206,180,121)	21,571,531
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	126,582,734	-
Federal and State Student Financial Aid	33,108,094	-
Noncapital Grants, Contracts, and Gifts	6,485,808	-
Investment Income	1,838,931	-
Other Nonoperating Revenues	627,774	4,536,911
Unrealized Gains on Investments	1,934,101	-
Loss on Disposal of Capital Assets	(2,254,644)	-
Interest on Capital Asset-Related Debt	(684,608)	-
Other Nonoperating Expenses	(5,071,444)	(500,324)
Net Nonoperating Revenues	162,566,746	4,036,587
Income (Loss) Before Other Revenues	(43,613,375)	25,608,118
State Capital Appropriations	24,697,444	-
Additions to Permanent Endowments	-	42,247
Capital Grants, Contracts, Donations, and Fees	5,961	-
Total Other Revenues	24,703,405	42,247
Increase (Decrease) in Net Position	(18,909,970)	25,650,365
Net Position, Beginning of Year	632,638,168	184,154,495
Net Position, End of Year	$ 613,728,198	$ 209,804,860

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

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

For the Fiscal Year Ended June 30, 2024

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 43,440,535
Grants and Contracts	88,618,418
Sales and Services of Auxiliary Enterprises	33,547,970
Other Operating Receipts	11,284,574
Payments to Employees	(206,845,356)
Payments to Suppliers for Goods and Services	(105,330,732)
Payments to Students for Scholarships and Fellowships	(28,373,031)
Collection on Loans to Students	258,897
Net Cash Used by Operating Activities	(163,398,725)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	126,582,734
Federal and State Student Financial Aid	33,108,094
Noncapital Grants, Contracts, and Gifts	6,485,808
Federal Direct Loan Program Receipts	48,326,483
Federal Direct Loan Program Disbursements	(48,326,483)
Other Nonoperating Disbursements	(4,306,809)
Net Cash Provided by Noncapital Financing Activities	161,869,827
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	2,326,790
State Capital Appropriations	21,908,842
Capital Grants, Contracts, Donations and Fees	5,961
Purchase or Construction of Capital Assets	(52,434,949)
Principal Paid on Capital Debt and Leases	(2,108,847)
Interest Paid on Capital Debt	(684,608)
Net Cash Used by Capital and Related Financing Activities	(30,986,811)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	1,838,931
Net Decrease in Cash and Cash Equivalents	(30,676,778)
Cash and Cash Equivalents, Beginning of Year	53,520,664
Cash and Cash Equivalents, End of Year	$ 22,843,886

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (206,180,121)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	23,330,243
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(2,709,119)
Loans and Notes Receivable, Net	258,897
Inventories	(16,312)
Other Assets	(102)
Accounts Payable	(1,380,950)
Salaries and Wages Payable	2,645,273
Deposits Payable	(999,819)
Compensated Absences Payable	1,705,948
Unearned Revenue	(93,103)
Other Postemployment Benefits Payable	2,576,963
Net Pension Liability	12,600,547
Deferred Outflows of Resources Related to Other Postemployment Benefits	2,685,500
Deferred Inflows of Resources Related to Other Postemployment Benefits	407,051
Deferred Outflows of Resources Related to Pensions	1,196,710
Deferred Inflows of Resources Related to Pensions	573,669
NET CASH USED BY OPERATING ACTIVITIES	$ (163,398,725)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized gains on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 1,934,101
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (2,254,644)

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third party making payment on behalf of the student. The University applied the "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship 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.

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

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

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

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 3 to 20 years
- Library Resources – 10 years

- Lease Assets – 1 to 15 years
- Subscription-Based Information Technology Arrangements – 1 to 5 years
- Computer Software – 3 to 7 years

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

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

2. Deficit Net Position in Individual Funds

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

Fund	Net Position
Current Funds - Unrestricted	$ (128,171,211)
Auxiliary Funds	51,160,248
Total	$ (77,010,963)

3. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The Board of Trustees has not adopted a written investment policy. As such, pursuant to Section 218.415(17), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

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

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

The University's investments at June 30, 2024, are reported as follows:

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
External Investment Pool:				
State Treasury Special Purpose Investment Account	$ 57,340,496	$ -	$ -	$ 57,340,496
Historically Black Colleges and Universities Debt Service Accounts	122,462	122,462	-	-
Total investments by fair value level	$ 57,462,958	$ 122,462	$ -	$ 57,340,496
Total investments measured at fair value	$ 57,462,958			

External Investment Pools.

The University reported investments at fair value totaling $57,340,496 at June 30, 2024, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities.

Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.23 years, and fair value factor of 0.9958 at June 30, 2024. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Historically Black Colleges and Universities (HBCU) Debt Service Accounts.

The University reported investments totaling $122,462 at June 30, 2024, in the HBCU Debt Service Accounts. These investments are used to make debt service payments on capital improvement debt issued by the United States Department of Education for the benefit of the University. The University relies on policies developed by the HBCU for managing interest rate risk and credit risk for these accounts. Disclosure for the Debt Service Accounts are included in the notes to the financial statements of the State's Annual Comprehensive Financial Report.

Component Units' Investments.

Investments held by the University's component units, Florida Agricultural and Mechanical University Foundation, Inc.; Florida Agricultural and Mechanical University National Alumni Association, Inc.; and FAMU Rattler Boosters, Inc. at June 30, 2024, are reported at fair value as follows:

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
U.S. Government Securities	$ 5,943,709	$ 2,731,686	$ 3,212,023	$ -
Corporate Bonds	8,336,916	8,336,916	-	-
Common Stocks	91,981,148	91,981,148	-	-
Commingled Funds	9,107,419	-	9,107,419	-
Hedge Funds	16,049,084	-	16,049,084	-
Real Estate Property	1,532,976	-	1,532,976	-
Money Market Funds	2,425,491	2,425,491	-	-
Total investments by fair value level	$ 135,376,743	$ 105,475,241	$ 29,901,502	$ -
Investments measured at the net asset value (NAV)				
Commingled Funds and Limited Partnerships	51,343,743			
Real Estate Funds	3,676,826			
Total investments measured at NAV	55,020,569			
Total investments measured at fair value	$ 190,397,312			

4. Receivables

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, and interest accrued on investments and loans receivable. As of June 30, 2024, the University reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	$ 16,158,541
Contracts and Grants	12,778,940
Interest Receivable	645,554
Total Accounts Receivable	29,583,035
Allowance for Doubtful Accounts	(8,975,531)
Total Accounts Receivable, Net	$ 20,607,504

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 $8,975,531 and $1,347, respectively, at June 30, 2024.

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

5. Due From State

The amount due from State primarily consists of $59,845,149 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations due from the State to the University for construction of University facilities.

6. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 25,369,275	$ -	$ -	$ 25,369,275
Works of Art and Historical Treasures	1,042,634	-	-	1,042,634
Construction in Progress	22,102,472	48,577,212	19,671,422	51,008,262
Total Nondepreciable Capital Assets	$ 48,514,381	$ 48,577,212	$ 19,671,422	$ 77,420,171
Depreciable Capital Assets:				
Buildings	$ 730,551,153	$ 11,294,674	$ 3,178,687	$ 738,667,140
Infrastructure and Other Improvements	109,838,906	6,042,289	915,378	114,965,817
Furniture and Equipment	84,565,090	9,966,223	4,204,785	90,326,528
Library Resources	65,132,345	-	-	65,132,345
Lease Assets	837,103	-	-	837,103
Subscription-Based Information Technology Arrangements	-	1,185,784	-	1,185,784
Works of Art and Historical Treasures	154,657	-	-	154,657
Computer Software	163,984	-	156,784	7,200
Total Depreciable Capital Assets	991,243,238	28,488,970	8,455,634	1,011,276,574
Less, Accumulated Depreciation:				
Buildings	212,725,042	14,357,620	1,841,819	225,240,843
Infrastructure and Other Improvements	38,982,181	3,051,713	244,176	41,789,718
Furniture and Equipment	60,066,812	4,076,177	3,968,126	60,174,863
Library Resources	61,491,756	1,087,284	-	62,579,040
Lease Assets	255,198	255,198	-	510,396
Subscription-Based Information Technology Arrangements	-	458,796	-	458,796
Works of Art and Historical Treasures	42,450	22,441	-	64,891
Computer Software	128,517	21,014	144,011	5,520
Total Accumulated Depreciation	373,691,956	23,330,243	6,198,132	390,824,067
Total Depreciable Capital Assets, Net	$ 617,551,282	$ 5,158,727	$ 2,257,502	$ 620,452,507

7. Unearned Revenue

Unearned revenue at June 30, 2024, includes contracts and grants, and student tuition and fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2024, the University reported the following amounts as unearned revenue:

Description	Amount
Contracts and Grants	$ 14,606,555
Student Tuition and Fees	511,600
Total Unearned Revenue	$ 15,118,155

8. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2024, include capital improvement debt payable, leases payable, subscription arrangements liability, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities. Long-term liabilities activity for the fiscal year ended June 30, 2024, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	$ -	$ 2,449,252	$ -	$ 2,449,252	$ -
Leases Payable	599,481	-	324,649	274,832	203,820
Subscription Arrangements Liability	-	1,185,784	620,962	564,822	278,415
Compensated Absences Payable	23,899,388	2,960,888	1,254,940	25,605,336	1,833,025
Other Postemployment Benefits Payable	45,201,100	47,653,418	45,076,455	47,778,063	1,242,905
Net Pension Liability	95,158,922	48,905,190	36,304,643	107,759,469	-
Other Noncurrent Liabilities	13,407,218	-	1,509,660	11,897,558	1,471,438
Total Long-Term Liabilities	$ 178,266,109	$ 103,154,532	$ 85,091,309	$ 196,329,332	$ 5,029,603

Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2024:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding	Interest Rate (Percent)	Maturity Date To
Student Housing Debt:				
Series A 2024-1 HBCU Bond	$ 2,449,252	$ 2,449,252	4.701	2054

On February 6, 2024, as authorized by the HBCU Capital Financing Program, the University entered into debt agreements through the Florida Board of Governors securing the fixed rate HBCU capital project Series A 2024-1, principal not to exceed $97,500,000, and interest rates ranging from of 4.5 percent to 5 percent to finance the cost of designing and constructing a 700-bed student housing facility, and related issuance costs. The University has received debt proceeds totaling $2,449,252 as of June 30, 2024.

The University has pledged a portion of future housing rental revenues to repay $2,449,252 in HBCU capital project debt borrowed by the Florida Board of Governors on behalf of the University. Proceeds from the debt provided financing to construct student housing facilities. The debt is payable solely from housing rental income and is payable through 2054. The University has committed to appropriate each year from the housing rental income amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $4,836,865. During the 2023-24 fiscal year, housing rental income totaled $16,724,041.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2024, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	$ -	$ -	$ -
2026	-	-	-
2027	-	172,745	172,745
2028	-	172,745	172,745
2029	-	172,745	172,745
2030-2034	225,535	638,191	863,726
2035-2039	379,371	484,355	863,726
2040-2044	478,479	385,247	863,726
2045-2049	603,817	259,909	863,726
2050-2054	762,050	101,676	863,726
Total	$ 2,449,252	$ 2,387,613	$ 4,836,865

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

Fiscal Year Ending June 30	Total	Principal	Interest
2025	$ 207,184	$ 203,820	$ 3,364
2026	71,447	71,012	435
Total Minimum Lease Payments	$ 278,631	$ 274,832	$ 3,799

Subscription Arrangements Liability. The University has entered into various long-term noncancellable subscription-based information technology arrangements (SBITA) for the right to use financial and educational software for a period of 3 to 5 years and measured at a discount rate of 2.1 percent. Future minimum payments under SBITA and present value of the minimum payments as of June 30, 2024, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2025	$ 290,391	$ 278,415	$ 11,976
2026	292,480	286,407	6,073
Total	$ 582,871	$ 564,822	$ 18,049

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, 2024, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $25,605,336. The current portion of the compensated absences liability, $1,833,025, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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

General Information about the OPEB Plan

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

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

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of $47,778,063 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. At June 30, 2023, the University's proportionate share, determined by its proportion of total benefit payments made, was 0.57 percent, which was a decrease of 0.01 from its proportionate share reported as of June 30, 2022.

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

Inflation	2.4 percent
Salary increases	Varies by FRS Class
Discount rate	4.13 percent
Healthcare cost trend rates	
PPO Plan	8.10 percent for 2024, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
HMO Plan	6.44 percent for 2024, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

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

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

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period, July 1, 2019, through June 30, 2020, 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, 2022, valuation were based on a review of recent plan experience done concurrently with the July 1, 2022, valuation.

The following changes have been made since the prior valuation:

- Disability Rates – For those in the Special Risk Class, disability rates were updated to those used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2022.
- DROP Election Percentage and DROP Participation Period – For Law Enforcement Officers, the percentage of members assumed to elect to participate in the Deferred Retirement Option Program (DROP) was updated to align with rates used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2022. Further, Law Enforcement Officers' maximum DROP participation period was extended from 60 months (5 years) to 96 months (8 years).
- Inflation – Inflation was lowered to match the 2.4 percent used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2022.
- Discount Rate – The discount rate was set equal to the 20-year municipal bond rate (for unfunded plans) as of June 30, 2023. The discount rate increased from 4.09 percent to 4.13 percent.

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13 percent) or 1 percentage point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
University's proportionate share of the total OPEB liability	$55,153,339	$47,778,063	$40,925,795

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's proportionate share of the total OPEB liability	$39,639,030	$47,778,063	$57,082,674

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

For the fiscal year ended June 30, 2024, the University recognized OPEB expense of $4,656,944. At June 30, 2024, 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	$ -	$ 4,724,233
Change of assumptions or other inputs	5,486,522	28,288,289
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	4,465,522	447,254
Transactions subsequent to the measurement date	1,270,399	-
Total	$ 11,222,443	$ 33,459,776

Of the total amount reported as deferred outflows of resources related to OPEB, $1,270,399 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the fiscal year ending June 30, 2025. 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
2025	$ (7,769,524)
2026	(4,116,722)
2027	(3,745,708)
2028	(2,340,320)
2029	(1,907,620)
Thereafter	(3,627,838)
Total	$ (23,507,732)

Other Noncurrent Liabilities. In the 2011-12 fiscal year, the University entered into a finance purchase agreement totaling $12,302,562 to finance an energy performance savings contract. The stated interest rate is 2.5646 percent. In the 2020-21 fiscal year, the University entered into a financed purchase agreement totaling $9,421,538 to finance an energy performance saving contract. The stated interest rate is 2.1 percent. Future minimum payments remaining under financed purchase agreements and the present value of the minimum payments as of June 30, 2024, are as follows:

Fiscal Year Ending June 30	Total
2025	$ 1,730,643
2026	1,745,650
2027	1,760,963
2028	1,776,589
2029	1,019,839
2030-2034	4,927,176
2035-2036	247,782
Total Minimum Payments	13,208,642
Less, Amount Representing Interest	1,311,084
Total Minimum Lease Payments	$ 11,897,558

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2024, the University's proportionate share of the net pension liabilities totaled $107,759,469. Note 9. includes a complete discussion of defined benefit pension plans.

9. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

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

(HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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

The University's FRS and HIS pension expense totaled $26,572,157 for the fiscal year ended June 30, 2024.

<u>FRS Pension Plan</u>

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2023-24 fiscal year were:

Class	Percent of Gross Salary Employee	Employer (1)
FRS, Regular	3.00	13.57
FRS, Senior Management Service	3.00	34.52
FRS, Special Risk	3.00	32.67
Teachers' Retirement System, Plan E	6.25	13.90
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

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

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

The University's contributions to the Plan totaled $10,478,761 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the University reported a liability of $75,122,371 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The University's proportionate share of the net pension liability was based on the University's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the University's proportionate share was 0.188527823 percent, which was a decrease of 0.008200328 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the University recognized pension expense of $14,619,225. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,053,342	$ -
Change of assumptions	4,897,099	-
Net difference between projected and actual earnings on FRS Plan investments	3,137,313	-
Changes in proportion and differences between University contributions and proportionate share of contributions	298,282	2,932,518
University FRS contributions subsequent to the measurement date	10,478,761	-
Total	$ 25,864,797	$ 2,932,518

The deferred outflows of resources totaling $10,478,761, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. 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
2025	$ 1,156,358
2026	(1,538,181)
2027	11,924,811
2028	706,804
2029	203,726
Total	$ 12,453,518

Actuarial Assumptions. The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2023, 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 pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate (Property)	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.4%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2023 valuation was unchanged from the previous valuation.

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

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
University's proportionate share of the net pension liability	$128,324,306	$75,122,371	$30,612,586

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $45 and a maximum HIS payment of $225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2024, the contribution rate was 2 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled $1,722,470 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the University reported a liability of $32,637,098 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, and update procedures were used to determine the net pension liability as of July 1, 2023. The University's proportionate share of the net pension liability was based on the University's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the University's proportionate share was 0.205506042 percent, which was a decrease of 0.001830397 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the University recognized pension expense of $11,952,932. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Change of assumptions	$ 858,020	$ 2,828,115
Net difference between projected and actual earnings on HIS Plan investments	16,854	-
Differences between expected and actual experience	477,785	76,604
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	74,608	764,498
University HIS contributions subsequent to the measurement date	1,722,470	-
Total	$ 3,149,737	$ 3,669,217

The deferred outflows of resources totaling $1,722,470, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. 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**
2025	$ (515,750)
2026	(319,143)
2027	(375,590)
2028	(648,756)
2029	(350,743)
Thereafter	(31,968)
Total	$ (2,241,950)

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

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	3.65 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.65 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.54 percent to 3.65 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 3.65 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 (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
University's proportionate share of the net pension liability	$37,233,838	$32,637,098	$28,826,714

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

10. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2023-24 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2024, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

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

The University's Investment Plan pension expense totaled $3,429,488 for the fiscal year ended June 30, 2024.

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 4.78 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 9.93 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled $4,362,841, and employee contributions totaled $2,354,834 for the 2023-24 fiscal year.

11. Construction Commitments

The University's construction commitments at June 30, 2024, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Campus Infrastructure	$ 24,305,609	$ 2,114,398	$ 22,191,211
Capital Improvement Trust Fund Project	1,828,464	438,124	1,390,340
Chemical and Biological Research Project	22,356,000	-	22,356,000
Howard Hall	13,587,872	122,719	13,465,153
Maintenance and Renovations	50,177,780	31,040,587	19,137,193
Student Housing	95,785,293	17,266,859	78,518,434
Subtotal	$ 208,041,018	$ 50,982,687	$ 157,058,331
Other Projects (1)	1,300,427	25,575	1,274,852
Total	$ 209,341,445	$ 51,008,262	$ 158,333,183

(1) Individual projects with a current balance committed of less than $1 million at June 30, 2024.

12. 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 2023-24 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 $40.2 million for flood and $38.6 million for named windstorm through February 14, 2024, and increased to $62.5 million for named windstorm and flood starting February 15, 2024. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $184.8 million through February 14, 2024, and increased to $237.5 million starting February 15, 2024; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage;

all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to $200,000 per person and $300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

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

13. Litigation

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

14. Functional Distribution of Operating Expenses

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

Functional Classification	**Amount**
Instruction	$ 96,205,641
Research	36,624,650
Public Services	448,892
Academic Support	69,354,394
Student Services	13,096,275
Institutional Support	46,884,094
Operation and Maintenance of Plant	24,338,080
Scholarships, Fellowships, and Waivers	28,373,031
Depreciation	23,330,243
Auxiliary Enterprises	47,218,642
Total Operating Expenses	$ 385,873,942

15. Discretely Presented Component Units

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

Condensed Statement of Net Position

	Direct-Support Organizations			
	Florida Agricultural and Mechanical University Foundation, Inc.	Florida Agricultural and Mechanical University National Alumni Association, Inc.	FAMU Rattler Boosters, Inc.	Total
Assets:				
Current Assets	$ 18,905,126	$ 1,040,723	$ 85,941	$ 20,031,790
Capital Assets, Net	432,492	-	-	432,492
Other Noncurrent Assets	187,452,161	3,289,700	212,342	190,954,203
Total Assets	206,789,779	4,330,423	298,283	211,418,485
Liabilities:				
Current Liabilities	943,140	546,038	-	1,489,178
Noncurrent Liabilities	124,447	-	-	124,447
Total Liabilities	1,067,587	546,038	-	1,613,625
Net Position:				
Net Investment in Capital Assets	144,723	-	-	144,723
Restricted Nonexpendable	103,508,653	2,912,993	187,258	106,608,904
Restricted Expendable	97,631,583	532,288	-	98,163,871
Unrestricted	4,437,233	339,104	111,025	4,887,362
Total Net Position	$ 205,722,192	$ 3,784,385	$ 298,283	$ 209,804,860

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

	Direct-Support Organizations			
	Florida Agricultural and Mechanical University Foundation, Inc.	Florida Agricultural and Mechanical University National Alumni Association, Inc.	FAMU Rattler Boosters, Inc.	Total
Operating Revenues	$ 41,191,046	$ 1,045,255	$ 142,022	$ 42,378,323
Operating Expenses	(20,233,358)	(456,982)	(116,452)	(20,806,792)
Operating Income	20,957,688	588,273	25,570	21,571,531
Net Nonoperating Revenues (Expenses)	3,914,396	191,314	(69,123)	4,036,587
Other Revenues	-	-	42,247	42,247
Increase (Decrease) in Net Position	24,872,084	779,587	(1,306)	25,650,365
Net Position, Beginning of Year	180,850,108	3,004,798	299,589	184,154,495
Net Position, End of Year	$ 205,722,192	$ 3,784,385	$ 298,283	$ 209,804,860

16. Joint Ventures and Jointly Governed Organizations

The University's Board of Trustees and the Board of Trustees of Bethune-Cookman University created the Florida Classic Consortium Corporation (FCCC). The FCCC Board is composed of six members each from the University and Bethune-Cookman University. The primary purpose of the FCCC is to organize, sponsor, manage, produce, promote, and participate in the athletic contest specifically known as the Florida Classic (a football contest between the University and Bethune-Cookman University); to solicit, raise, and otherwise receive funds from sponsors and the general public; and to use, contribute, disburse, and dispose of such funds for the above purpose and the athletic programs of the University and Bethune-Cookman University. As of June 30, 2024, the University received distributions of $709,354 and retained ticket sales of $625,305 for a total distribution of $1,334,659 from the proceeds of the Florida Classic football game held on November 18, 2023.

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

	2023	2022	2021	2020
University's proportion of the total other postemployment benefits liability	0.57%	0.58%	0.53%	0.52%
University's proportionate share of the total other postemployment benefits liability	$ 47,778,063	$ 45,201,100	$ 55,537,067	$ 53,671,919
University's covered-employee payroll	$ 123,150,313	$ 116,897,762	$ 116,897,762	$ 116,309,686
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	38.80%	38.67%	47.51%	46.15%

2019	2018	2017
0.55%	0.55%	0.55%
$ 69,531,200	$ 58,034,000	$ 59,972,000
$ 114,039,416	$ 113,789,082	$ 112,860,919
60.97%	51.00%	53.14%

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

	2023 (1)	**2022** (1)	**2021** (1)	**2020** (1)
University's proportion of the FRS net pension liability	0.188527823%	0.196728151%	0.197762912%	0.195748232%
University's proportionate share of the FRS net pension liability	$ 75,122,371	$ 73,198,682	$ 14,940,643	$ 84,842,072
University's covered payroll (2)	$ 123,150,313	$ 116,897,762	$ 116,548,787	$ 116,309,686
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	61.00%	62.62%	12.82%	72.94%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.38%	82.89%	96.40%	78.85%

(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

	2024 (1)	**2023** (1)	**2022** (1)	**2021** (1)
Contractually required FRS contribution	$ 10,478,761	$ 9,069,401	$ 8,394,748	$ 7,533,912
FRS contributions in relation to the contractually required contribution	(10,478,761)	(9,069,401)	(8,394,748)	(7,533,912)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 127,630,765	$ 123,150,313	$ 116,897,762	$ 116,548,787
FRS contributions as a percentage of covered payroll	8.21%	7.36%	7.18%	6.46%

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

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

	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
	0.202314209%	0.209281509%	0.210759036%	0.212314988%	0.218226097%	0.219223139%
	$ 69,674,197	$ 63,036,676	$ 62,341,109	$ 53,609,701	$ 28,186,827	$ 13,375,835
	$ 114,039,416	$ 113,789,082	$ 112,860,919	$ 111,280,144	$ 109,391,428	$ 106,068,813
	61.10%	55.40%	55.24%	48.18%	25.77%	12.61%
	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)
	$ 6,503,846	$ 6,273,200	$ 5,964,355	$ 5,486,577	$ 5,177,640	$ 5,320,538
	(6,503,846)	(6,273,200)	(5,964,355)	(5,486,577)	(5,177,640)	(5,320,538)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 116,309,686	$ 114,039,416	$ 113,789,082	$ 112,860,919	$ 111,280,144	$ 109,391,428
	5.59%	5.50%	5.24%	4.86%	4.65%	4.86%

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

	2023 (1)	2022 (1)	2021 (1)	2020 (1)
University's proportion of the HIS net pension liability	0.205506042%	0.207336439%	0.212054785%	0.212038898%
University's proportionate share of the HIS net pension liability	$ 32,637,098	$ 21,960,240	$ 26,011,709	$ 25,889,605
University's covered payroll (2)	$ 77,224,625	$ 72,414,177	$ 72,352,927	$ 70,655,308
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	42.26%	30.33%	35.95%	36.64%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.12%	4.81%	3.56%	3.00%

(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

	2024 (1)	2023 (1)	2022 (1)	2021 (1)
Contractually required HIS contribution	$ 1,722,470	$ 1,351,855	$ 1,254,560	$ 1,246,460
HIS contributions in relation to the contractually required HIS contribution	(1,722,470)	(1,351,855)	(1,254,560)	(1,246,460)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 86,123,500	$ 77,224,625	$ 72,414,177	$ 72,352,927
HIS contributions as a percentage of covered payroll	2.00%	1.75%	1.73%	1.72%

(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.

2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
0.210486624%	0.213410955%	0.220156699%	0.225242384%	0.224601105%	0.224264902%
$ 23,551,348	$ 22,587,656	$ 23,540,170	$ 26,251,067	$ 22,905,780	$ 20,969,316
$ 68,850,145	$ 68,588,401	$ 68,546,066	$ 69,785,144	$ 66,541,722	$ 65,648,265
34.21%	32.93%	34.34%	37.62%	34.42%	31.94%
2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)
$ 1,221,881	$ 1,168,812	$ 1,157,333	$ 1,165,133	$ 1,154,511	$ 858,565
(1,221,881)	(1,168,812)	(1,157,333)	(1,165,133)	(1,154,511)	(858,565)
$ -	$ -	$ -	$ -	$ -	$ -
$ 70,655,308	$ 68,850,145	$ 68,588,401	$ 68,546,066	$ 69,785,444	$ 66,541,722
1.73%	1.70%	1.69%	1.70%	1.65%	1.29%

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

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

Changes of Assumptions. The discount rate was updated to utilize the mandated discount rate based on a 20-year Standard & Poor's Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate increased from 4.09 percent to 4.13 percent.

In addition, disability rates, DROP election percentages, and DROP participation periods were updated for certain members based on the actual valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2022. Inflation was lowered to match the 2.4 percent used in that valuation. Refer to Note 8. to the financial statements for further details.

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

Changes of Assumptions. In 2023, the municipal rate used to determine total pension liability increased from 3.54 percent to 3.65 percent. In addition, the level of monthly benefits increased from $5 times years of service to $7.50 times years of service, with an increased minimum of $45 and maximum of $225.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Florida Agricultural and Mechanical University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 26, 2025, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying ***FINDING AND RECOMMENDATION*** section of this report as Financial Statement Finding No. 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

University's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the finding identified in our audit and included as University Response in Financial Statement Finding No. 2024-001. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 26, 2025

FINDING AND RECOMMENDATION

SIGNIFICANT DEFICIENCY

FINANCIAL REPORTING

Finding Number	**2024-001**
Opinion Unit	Florida Agricultural and Mechanical University
Financial Statements Account Title	Various
Adjustment Amounts	For example: Decreased Federal and State Student Financial Aid Revenues ($31.3 million – debit) and Accounts Receivable, Net (the same amount – credit).
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable

Finding

University controls need improvement to ensure that the accounting records and annual financial report (AFR) are accurate.

Criteria

Section 1010.01(5), Florida Statutes, requires each university to establish and maintain internal controls designed to, among other things, prevent and detect fraud, waste, and abuse.

University Trustee Policy 2006-03 establishes the *Universities Guiding Principles for Fiscal Affairs*, including maintaining accounting records in accordance with Generally Accepted Accounting Principles (GAAP); ensuring that employees have appropriate knowledge of applicable laws, University regulations and policies governing the fiscal affairs of the University; ensuring that business and financial activities of the University are conducted in accordance with applicable laws, University regulations and policies; and ensuring reliable and complete reporting of business and financial activities to all applicable University stakeholders.

General ledger accounting entries and other accounting entries made directly to the financial statements are made as necessary to revise asset, liability, revenue, and expense accounts. Effective internal controls require that individuals possess the expertise to prepare accounting entries and the AFR.

Such controls also require other individuals with financial accounting expertise to document independent verification of the entries and the financial statements before the AFR is submitted to the Board of Governors (BOG). Effective controls provide reasonable assurance that transactions are appropriately recorded and reported, and that errors or fraud, should they occur, are promptly detected and resolved.

Condition

For the 2023-24 fiscal year, the University had 754 general ledger accounting entries totaling $494.7 million and the University contracted with a consultant to prepare the University AFR. In preparing the AFR, as of March 2025, the consultant made a total of 28 fiscal year-end closing entries totaling $683.4 million directly to the AFR.

As part of our audit, we requested for examination University records supporting University financial statement account balances and transactions, including support for 30 selected general ledger accounting entries totaling $38.9 million and 3 selected consultant-prepared closing entries totaling $113.1 million. However, University records were not provided to support the basis for 2 closing entries totaling $88.4 million for reported accounts receivable, net; due from State; Federal and State Student financial aid, and State capital appropriations.

Moreover, University records did not demonstrate that 13 entries had been independently verified of record.

We extended our audit procedures and determined the necessary audit adjustments to properly present amounts on the financial statements. For example, one closing entry inaccurately increased accounts receivable, net; and Federal and State Student financial aid revenues each by $31.3 million although the moneys were not received within the time frame after fiscal year end to be included in the reported 2023-24 fiscal year activity. While University personnel accepted our recommended adjustments, our procedures cannot substitute for the University's responsibility to establish appropriate controls over financial recording and reporting.

Cause

University personnel stated that the University consultant created and recorded many of the accounting entries without the involvement of University personnel. Additionally, due to a University staff shortage and because staff lacked appropriate knowledge of the accounting entry process, University controls did not demonstrate independent verification of these entries.

Effect

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

Absent adequate controls, including preparation of accounting entries and financial statements by individuals possessing financial accounting expertise and documented, independent verification of that information by knowledgeable individuals, there is an increased risk that errors or fraud could occur without prompt detection.

In addition, absent effective procedures for appropriately recording and reporting financial information, there is an increased risk that any errors or fraud that may occur will not be promptly detected. Without such procedures, the reliability and transparency of the general ledger financial information throughout the year and the Board's ability to effectively monitor the University's financial position is diminished.

Recommendation

University procedures should be enhanced to ensure that accounting information is accurately recorded and reported. Such enhancements should include appropriate training for University personnel responsible for the accounting entry and AFR processes. In addition, University records should be maintained to demonstrate independent verification and accuracy of the accounting entries and financial statement information made by the consultants before the AFR is submitted to the BOG.

University Response

The University acknowledges the finding. During the audit period, we experienced turnover, a loss of institutional knowledge and expertise in the Controller's function. To address this, the University has augmented staff with consultants, made personnel changes and recruited/is recruiting the appropriate skill sets to address noted weaknesses in internal controls over financial reporting.