

Florida International University

Housing System

Financial Statements

**For the Fiscal Years Ended
June 30, 2020 and June 30, 2019**

Unaudited

Florida International University

Housing System

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**Florida International University
Housing System
Management's Discussion and Analysis**

The management's discussion and analysis (MD&A) introduces the Florida International University's Housing System Annual Financial Statements and provides an overview of the Housing System financial activities during the fiscal year ended June 30, 2020, and should be read in conjunction with the financial statements and notes hereto. This overview is required by the Governmental Accounting Standards Board (GASB) Statement No. 35. The MD&A, and financial statements and notes hereto, are the responsibility of University Management. The MD&A contains financial activity of the University's Housing System for the fiscal years ended June 30, 2020, and June 30, 2019.

FINANCIAL HIGHLIGHTS

The Housing System's assets totaled \$154.6 million at June 30, 2020. This amount is reported net of accumulated depreciation of \$53.4 million. Total assets remained fairly consistent with an increase of \$1.5 million or 1 percent as compared to the 2018-19 fiscal year.

Total liabilities were \$79.2 million at June 30, 2020, compared to \$83.5 million at June 30, 2019. The decrease of \$4.3 million or 5.2 percent is attributed to \$4.3 million principal payments made for capital improvement debt.

The Housing System's total net position of \$75.4 million at the end of the year represents an increase of \$5.8 million or 8.3 percent from the total beginning net position of \$69.6 million. The total net position consisted primarily of \$50.4 million of net investment in capital assets and \$25 million unrestricted.

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets and liabilities of the Housing System, using the accrual basis of accounting, and presents the financial position of the Housing System at a specified time. The difference between total assets and total liabilities, equals net position, which is one indicator of the Housing System's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Housing System's financial condition.

**Florida International University
Housing System
Management's Discussion and Analysis**

The following summarizes the Housing System's assets, liabilities, and net position at June 30:

**Condensed Statements of Net Position at June 30
(In Millions)**

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets	\$ 25.9	\$ 24.9
Capital Assets, Net	<u>128.7</u>	<u>128.2</u>
Total Assets	<u>154.6</u>	<u>153.1</u>
Liabilities		
Current Liabilities	5.2	4.9
Noncurrent Liabilities	<u>74.0</u>	<u>78.6</u>
Total Liabilities	<u>79.2</u>	<u>83.5</u>
Net Position		
Net Investment in Capital Assets	50.4	45.4
Restricted	-	0.1
Unrestricted	<u>25.0</u>	<u>24.1</u>
Total Net Position	<u>\$ 75.4</u>	<u>\$ 69.6</u>

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the Housing System's revenues 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.

**Florida International University
Housing System
Management's Discussion and Analysis**

The following summarizes the Housing System's activity for the 2019-20 and 2018-19 fiscal years:

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30**

(In Millions)

	2020	2019
Operating Revenues	\$ 20.7	\$ 31.1
Less, Operating Expenses	15.5	21.7
Operating Income	5.2	9.4
Net Nonoperating Revenues (Expenses)	0.6	(2.5)
Increase in Net Position	5.8	6.9
Net Position, Beginning of Year	69.6	62.7
Net Position, End of Year	\$ 75.4	\$ 69.6

Operating Revenues

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

The following summarizes the operating revenues by source that were used to fund operating activities for the 2019-20 and 2018-19 fiscal years:

**Operating Revenues
For the Fiscal Years Ended June 30
(In Millions)**

	2020	2019
Housing System Rental and Other Fees	\$ 20.7	\$ 31.1

The operations of the Housing System depend primarily on revenues collected from room rentals, conference rental fees, concession revenues (laundry and vending activity), processing fees and interest income that provide additional revenue. Net revenues of the Housing System are the primary source of pledged revenues for the outstanding debt issuances. Operating revenues totaled \$20.7 million for the fiscal year 2019-20, which was a significant decrease from fiscal year 2018-19. Operating revenues decreased by \$10.4 million mainly driven by a reduction of \$4.7 million from a change in accounting for the meal plans resulting from a change in meal plan providers, as these revenues are no longer recorded through housing operations. This change in meal plan providers also resulted in a proportionate decrease in service and supplies expense. Additionally, contributing to the revenue decrease were measures taken in response to the COVID-19 pandemic including dormitories being vacated with limited student occupancy, refunds of housing fees issued to students, and closures of dormitories during the Summer terms. The University used \$2.9 million of Coronavirus Aid, Relief, and Economic Security (CARES) Act institutional funding received from the Federal Government for student housing refunds. These CARES Act funds are classified as other nonoperating revenues, and are therefore not included in operating revenues. The remaining decrease in revenues was from various rental and other fees since operations were curtailed by the pandemic.

**Florida International University
Housing System
Management's Discussion and Analysis**

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the Housing System 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 Housing System has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position.

The following summarizes the operating expenses by natural classifications for the 2019-20 and 2018-19 fiscal years:

	<u>2020</u>	<u>2019</u>
Compensation and Employee Benefits	\$ 5.8	\$ 5.6
Services and Supplies	4.0	10.1
Utilities and Communications	1.9	2.2
Depreciation	<u>3.8</u>	<u>3.8</u>
Total Operating Expenses	<u><u>\$ 15.5</u></u>	<u><u>\$ 21.7</u></u>

Operating expenses totaled \$15.5 million, representing a significant decrease of \$6.2 million from the 2018-19 fiscal year. Decreases in both services and supplies and utilities and communications are primarily the result of the transition to online learning and remote work platform due to COVID-19. Operating expenses include depreciation expense of \$3.8 million.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses reported during fiscal year 2019-20 consist of investment income, other nonoperating revenues and interest expense. The significant increase of \$2.9 million in other nonoperating revenues is due to the recognition of CARES Act institutional funding to reimburse the Housing System for housing fee refunds issued to students in response to the COVID-19 pandemic. As noted in the operating revenue section CARES Act revenue used for reimbursements is required to be reported as nonoperating revenue. The remaining fluctuation in nonoperating revenues and expenses is mainly attributable to interest on asset related debt and investment income which are fairly consistent with fiscal year 2018-19.

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the Housing System's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the Housing System'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 provided by the operating activities of the Housing System. 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.

**Florida International University
Housing System
Management's Discussion and Analysis**

The following summarizes cash flows for the 2019-20 and 2018-19 fiscal years:

**Condensed Statements of Cash Flows
For the Fiscal Years Ended June 30
(In Millions)**

	<u>2020</u>	<u>2019</u>
Cash Provided (Used) by:		
Operating Activities	\$ 9.2	\$ 13.5
Noncapital Financing Activities	2.9	-
Capital and Related Financing Activities	(11.6)	(15.1)
Investing Activities	<u>0.7</u>	<u>0.3</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1.2	(1.3)
Cash and Cash Equivalents, Beginning of Year	<u>0.7</u>	<u>2.0</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1.9</u></u>	<u><u>\$ 0.7</u></u>

Major sources of funds came from Housing System operations (\$20.7 million). Major uses of funds were payments to suppliers (\$5.9 million) and advances from other funds representing CARES Act institutional funding from the Federal Government (\$2.9 million), payments made to and on behalf of employees (\$5.8 million), payments for principal on capital improvement debt payable (\$4.3 million), purchases of capital assets (\$4.2 million), and payments for interest on capital improvement debt payable (\$3.1 million).

Capital Assets

At June 30, 2020 the Housing System had \$182.1 million in capital assets, less accumulated depreciation of \$53.4 million, for net capital assets of \$128.7 million. Depreciation charges for the current fiscal year totaled \$3.8 million.

**Capital Assets, Net at June 30
(In Millions)**

	<u>2020</u>	<u>2019</u>
Construction in Progress	14.1	15.5
Buildings	114.3	112.4
Furniture and Equipment	<u>0.3</u>	<u>0.3</u>
Capital Assets, Net	<u><u>\$ 128.7</u></u>	<u><u>\$ 128.2</u></u>

**Florida International University
Housing System
Management's Discussion and Analysis**

Debt Administration

As of June 30, 2020 the Housing System had \$78.3 million in outstanding capital improvement debt payable.

The following table summarizes the outstanding long-term debt by type at June 30:

Long-Term Debt, at June 30

(In Millions)

	<u>2020</u>	<u>2019</u>
Capital Improvement Debt Payable	<u>\$ 78.3</u>	<u>\$ 82.8</u>

The Housing System is committed to improving student life on campus by increasing housing facilities and upgrading existing facilities to meet student needs.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer and Senior Vice President for Finance and Administration, Dr. Kenneth Jessell, at Florida International University, 11200 Southwest 8th Street, Miami, Florida 33199.

Florida International University
Housing System
Statements of Net Position (Unaudited)
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,879,129	\$ 659,737
Investments	23,634,812	23,729,621
Accounts Receivable, Net	385,019	497,093
Total Current Assets	25,898,960	24,886,451
Noncurrent Assets:		
Restricted Investments	22,036	16,428
Furniture and Equipment	1,066,873	1,402,071
Buildings	166,953,971	161,185,281
Construction in Progress	14,095,173	15,516,975
Accumulated Depreciation	(53,393,060)	(49,922,469)
Total Noncurrent Assets	128,744,993	128,198,286
Total Assets	154,643,953	153,084,737
LIABILITIES		
Current Liabilities:		
Accounts Payable	137,803	216,809
Construction Contracts Payable	246,580	50,411
Salaries and Wages Payable	194,022	228,322
Long-Term Liabilities - Current Portion		
Capital Improvement Debt Payable	4,615,948	4,420,948
Compensated Absences Payable	21,074	17,776
Total Current Liabilities	5,215,427	4,934,266
Noncurrent Liabilities:		
Capital Improvement Debt Payable	73,727,087	78,343,035
Compensated Absences Payable	275,823	222,599
Total Noncurrent Liabilities	74,002,910	78,565,634
Total Liabilities	79,218,337	83,499,900
NET POSITION		
Net Investment in Capital Assets	50,379,923	45,417,875
Restricted for Expendable		
Debt Service	4,468	16,428
Unrestricted	25,041,225	24,150,534
TOTAL NET POSITION	\$ 75,425,616	\$ 69,584,837

The accompanying notes are an integral part of the financial statements.

Florida International University
Housing System
Statements of Revenues, Expenses, and Changes in Net Position (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019

	2020	2019
REVENUES		
Operating Revenues:		
Housing System Rental and Other Fees	\$ 20,733,589	\$ 31,056,234
Total Operating Revenues	20,733,589	31,056,234
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	5,804,918	5,557,848
Services and Supplies	3,917,334	10,113,800
Utilities and Communications	1,913,579	2,230,268
Depreciation	3,846,799	3,785,575
Total Operating Expenses	15,482,630	21,687,491
Operating Income	5,250,959	9,368,743
NONOPERATING REVENUES (EXPENSES)		
Investment Income	644,815	672,046
Other Nonoperating Revenues	2,901,963	33,561
Interest on Capital Asset-Related Debt	(2,992,016)	(3,173,016)
Net Nonoperating Revenues (Expenses)	554,762	(2,467,409)
Income Before Transfers	5,805,721	6,901,334
Transfers In	35,058	-
Increase in Net Position	5,840,779	6,901,334
Net Position, Beginning of Year	69,584,837	62,683,503
Net Position, End of Year	\$ 75,425,616	\$ 69,584,837

The accompanying notes are an integral part of the financial statements.

**Florida International University
Housing System
Statements of Cash Flows (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Sales and Services of Housing System	\$ 20,733,589	\$ 31,056,234
Changes in Other Accounts Receivable	112,074	166,062
Payments to Employees	(5,782,696)	(5,497,463)
Payments to Suppliers for Goods and Services	(5,909,918)	(12,230,882)
Net Cash Provided by Operating Activities	<u>9,153,049</u>	<u>13,493,951</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances from Other Funds	2,901,963	33,561
Net Cash Provided by Noncapital Financing Activities	<u>2,901,963</u>	<u>33,561</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase or Construction of Capital Assets	(4,156,673)	(7,693,091)
Principal Paid on Capital Debt	(4,275,000)	(4,100,000)
Interest Paid on Capital Debt	(3,137,963)	(3,318,963)
Net Cash Used by Capital and Related Financing Activities	<u>(11,569,636)</u>	<u>(15,112,054)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Change in Investments	89,201	(373,618)
Investment Income	644,815	672,046
Net Cash Provided by Investing Activities	<u>734,016</u>	<u>298,428</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,219,392	(1,286,114)
Cash and Cash Equivalents, Beginning of Year	659,737	1,945,851
Cash and Cash Equivalents, End of Year	<u>\$ 1,879,129</u>	<u>\$ 659,737</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 5,250,959	\$ 9,368,743
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	3,846,799	3,785,575
Change in Assets and Liabilities		
Accounts Receivable, Net	112,074	166,062
Accounts Payable	(79,005)	113,186
Accrued Salaries and Wages	(34,300)	28,151
Accrued Compensated Absences Current & Noncurrent	56,522	32,234
Net Cash Provided by Operating Activities	<u>\$ 9,153,049</u>	<u>\$ 13,493,951</u>

The accompanying notes are an integral part of the financial statements.

**Florida International University
Housing System
Notes to Financial Statements (Unaudited)
June 30, 2020 and 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements of the Housing System are an integral part of the financial statements of Florida International University (the University). The University is a part of the State University System and accordingly, the University is governed, regulated, and coordinated by the Florida Board of Governors and the University's Board of Trustees.

Basis of Presentation

The Housing System'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. GASB allows public universities various reporting options. The Housing System has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

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

Basis of Accounting

Basis of accounting refers to when revenues, expenses, and related 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 Housing System'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 and the Housing System follow GASB standards of accounting and financial reporting.

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 Housing System's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

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*.

**Florida International University
Housing System
Notes to Financial Statements (Unaudited)
June 30, 2020 and 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Capital Assets

The Housing System's capital assets consist of buildings, furniture and equipment, and construction in progress. These assets are capitalized and recorded at cost at the date of acquisition. 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 buildings, leasehold improvements and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Furniture and Equipment – 3 to 20 years

Noncurrent Liabilities

Noncurrent liabilities include capital improvement debt payable and compensated absences payable. Capital improvement debt is reported net of unamortized premium and deferred losses on refunding. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method. Deferred losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method.

2. INVESTMENTS

Investments for the Housing System are reported at the market value of \$23,656,848 and \$23,746,049 at June 30, 2020 and 2019, respectively.

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

The Housing System's investments as of June 30, 2020 consist of money market funds reported at amortized cost totaling \$23,652,380 and \$23,729,621 at June 30, 2020 and 2019, respectively, and SBA Debt Service Accounts totaling \$4,468 and \$16,428 at June 30, 2020 and 2019, respectively, reported as a Level 1 input at fair value according to GASB 72.

**Florida International University
Housing System
Notes to Financial Statements (Unaudited)
June 30, 2020 and 2019**

State Board of Administration Debt Service Accounts

The Housing System reported investments totaling \$4,468 and \$16,428 at June 30, 2020 and 2019, respectively, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the Housing System. The Housing System's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The Housing System relies on policies developed by the SBA for managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

3. RECEIVABLES

Accounts Receivable

Accounts receivable represents amounts due from students for rental of dormitories and auxiliary services provided. The Housing System's accounts receivable totaled \$839,079 and \$1,007,000 at June 30, 2020 and 2019, respectively.

Allowance for Doubtful Receivables

Allowances for doubtful accounts are reported based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. The Housing System's accounts receivable are reported net of allowances of \$454,060 and \$509,907, at June 30, 2020 and 2019, respectively.

4. CAPITAL ASSETS

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

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Construction in Progress	\$ 15,516,975	\$ 4,396,605	\$ 5,818,407	\$ 14,095,173
Depreciable Capital Assets:				
Buildings	\$ 161,185,281	\$ 5,768,690	\$ -	\$ 166,953,971
Furniture and Equipment	1,402,071	41,010	376,208	1,066,873
Total Depreciable Capital Assets	162,587,352	5,809,700	376,208	168,020,844
Less, Accumulated Depreciation:				
Buildings	48,851,452	3,786,575	-	52,638,027
Furniture and Equipment	1,071,017	60,224	376,208	755,033
Total Accumulated Depreciation	49,922,469	3,846,799	376,208	53,393,060
Total Depreciable Capital Assets, Net	\$ 112,664,883	\$ 1,962,901	\$ -	\$ 114,627,784

**Florida International University
Housing System
Notes to Financial Statements (Unaudited)
June 30, 2020 and 2019**

5. LONG-TERM LIABILITIES

Long-term liabilities of the Housing System at June 30, 2020, include capital improvement debt payable and compensated absences payable.

Capital Improvement Debt Payable

The University issued, through the Division of Bond Finance, capital improvement debt payable totaling \$104,970,000 from the 2011A, 2012A and 2015A capital improvement debt payable series amounting to \$22,210,000, \$53,655,000 and \$29,105,000, respectively. The purpose of this capital improvement debt payable is to finance the construction of dormitories on the Modesto A. Maidique Campus. The capital improvement debt payable is secured by the revenues of the Housing System and may additionally be secured by other revenues that are deemed to be necessary and legally available.

The State Board of Administration administers the principal and interest payments, investment of sinking fund resources, and compliance with reserve requirements.

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

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
2011A Student Apartments Refunding	\$ 22,210,000	\$ 9,630,220	3.00 - 3.50	2025
2012A Student Apartments	53,655,000	46,125,894	3.00 - 4.25	2041
2015A Student Apartments Refunding	<u>29,105,000</u>	<u>22,586,921</u>	3.00 - 5.00	2034
Total	<u>\$ 104,970,000</u>	<u>\$ 78,343,035</u>		

Note: (1) Amount outstanding includes unamortized premiums and deferred losses on refunding issues.

The Housing System has pledged a portion of future housing rental revenues to repay \$104,970,000 of capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student housing facilities. The bonds are payable solely from housing rental income and are payable through 2041. The Housing System 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 \$107,379,391, and principal and interest paid for the current year totaled \$7,412,963. Housing rental income totaled \$20,733,589 and \$31,056,234 for fiscal years June 30, 2020 and 2019, respectively.

**Florida International University
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Notes to Financial Statements (Unaudited)
June 30, 2020 and 2019**

5. LONG-TERM LIABILITIES (Continued)

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,470,000	\$ 2,948,913	\$ 7,418,913
2022	4,635,000	2,789,913	7,424,913
2023	4,785,000	2,625,563	7,410,563
2024	4,950,000	2,465,738	7,415,738
2025	5,215,000	2,267,618	7,482,618
2026-2030	20,685,000	8,607,468	29,292,468
2031-2035	17,345,000	5,048,375	22,393,375
2036-2040	12,150,000	2,166,106	14,316,106
2041	<u>2,745,000</u>	<u>116,662</u>	<u>2,861,662</u>
Subtotal	<u>76,980,000</u>	<u>29,036,356</u>	<u>106,016,356</u>
Plus: Net Premiums and Losses on Bond Refundings	<u>1,363,035</u>	<u>-</u>	<u>1,363,035</u>
Total	<u>\$ 78,343,035</u>	<u>\$ 29,036,356</u>	<u>\$ 107,379,391</u>

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. The Housing System's estimated liability for compensated absences, which includes the Housing System's share of the Florida Retirement System and FICA contributions, was \$296,897 and \$240,375 at June 30, 2020 and 2019, respectively. The current portion of the compensated absences liability is based on 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.

6. RISKS AND UNCERTAINTIES - COVID 19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", was classified as a global pandemic in March 2020. This pandemic resulted in governments enacting emergency measures such as travel bans, quarantine periods, and social distancing requirements to combat the spread of the virus. These measures caused a material disruption to businesses globally resulting in an economic slowdown. The Federal Government reacted with significant monetary and fiscal interventions such as the CARES grants, investments designed to stabilize economic conditions. At the request of the Board of Governors, beginning March 2020, the University moved to a remote learning and work environment for the remainder of the academic year and returned in the Fall 2020 semester with a mixture of in-person and online courses and staggered campus repopulation plan for employees. Housing operations were impacted as social distancing measures resulted dormitories being vacated leading to limited student occupancy, refunds of housing fees issued to students, and closures of dormitories during the Summer terms. The duration of the pandemic and economic impacts are uncertain at this time, and may potentially impact future Housing System operations.