

Florida International University

Housing System

Financial Statements

**For the Fiscal Years Ended
June 30, 2022 and June 30, 2021**

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, 2022, 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, 2022, and June 30, 2021.

FINANCIAL HIGHLIGHTS

The Housing System's assets totaled \$243.6 million at June 30, 2022. This amount is reported net of accumulated depreciation of \$61.2 million. Total assets increased by \$3.4 million or 1.4 percent as compared to the 2020-21 fiscal year. The increase is primarily due to increases of \$9.5 million in cash and cash equivalents, \$1.2 million for furniture and equipment, and \$39.5 million in construction in progress for the new Tamiami Hall dormitory. The increases were partially offset by a \$42.7 million decrease in investments used primarily for construction of the new Tamiami Hall dormitory and an increase of \$4 million of accumulated depreciation.

Total liabilities were \$157 million at June 30, 2022, compared to \$157.1 million at June 30, 2021. The slight decrease of \$0.1 million primarily resulted from increases of \$1.7 million in accounts payable and \$2.8 million in construction contracts payable, that were offset by decreases in the capital improvement debt payable.

The Housing System's total net position of \$86.6 million at the end of the year represents an increase of \$3.5 million or 4.2 percent from the total beginning net position of \$83.1 million. The total net position consisted primarily of \$56 million of net investment in capital assets and \$26.6 million unrestricted.

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

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.

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>2022</u>	<u>2021</u>
Assets		
Current Assets	\$ 31.0	\$ 34.7
Capital Assets, Net	205.3	168.5
Other Noncurrent Assets	<u>7.3</u>	<u>37.0</u>
Total Assets	<u>243.6</u>	<u>240.2</u>
Liabilities		
Current Liabilities	13.6	7.5
Noncurrent Liabilities	<u>143.4</u>	<u>149.6</u>
Total Liabilities	<u>157.0</u>	<u>157.1</u>
Net Position		
Net Investment in Capital Assets	56.0	44.3
Restricted	4.0	6.2
Unrestricted	<u>26.6</u>	<u>32.6</u>
Total Net Position	<u>\$ 86.6</u>	<u>\$ 83.1</u>

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

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.

The following summarizes the Housing System's activity for the 2021-22 and 2020-21 fiscal years:

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

For the Fiscal Years Ended June 30

(In Millions)

	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 25.7	\$ 16.5
Less, Operating Expenses	<u>21.0</u>	<u>14.3</u>
Operating Income	4.7	2.2
Net Nonoperating (Expenses) Revenues	<u>(1.1)</u>	<u>5.5</u>
Income Before Transfers	3.6	7.7
Transfers Out	<u>(0.1)</u>	<u>-</u>
Increase in Net Position	3.5	7.7
Net Position, Beginning of Year	<u>83.1</u>	<u>75.4</u>
Net Position, End of Year	<u><u>\$ 86.6</u></u>	<u><u>\$ 83.1</u></u>

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

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 2021-22 and 2020-21 fiscal years:

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

	<u>2022</u>	<u>2021</u>
Housing System Rental and Other Fees	<u>\$ 25.7</u>	<u>\$ 16.5</u>

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 \$25.7 million for the fiscal year 2021-22, which was a significant increase from the fiscal year 2020-21. Operating revenues increased by \$9.2 million mainly resulting from additional housing fees generated from higher student occupancy as the University progressed closer to normal post-pandemic operations. The Housing System received \$2 million of Higher Education Emergency Relief Fund (HEERF) Act institutional funding as reimbursement for lost revenue. These HEERF Act funds are classified as other nonoperating revenues, and are therefore not included in operating revenues.

**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 2021-22 and 2020-21 fiscal years:

Operating Expenses		
For the Fiscal Years Ended June 30		
(In Millions)		
	<u>2022</u>	<u>2021</u>
Compensation and Employee Benefits	\$ 6.3	\$ 5.5
Services and Supplies	7.9	3.2
Utilities and Communications	2.8	1.7
Depreciation	<u>4.0</u>	<u>3.9</u>
Total Operating Expenses	<u><u>\$ 21.0</u></u>	<u><u>\$ 14.3</u></u>

Operating expenses totaled \$21 million, representing an increase of \$6.7 million from the 2020-21 fiscal year. Increases in services and supplies, and utilities and communications are primarily the result of the expanded on campus activity as the University progressed closer to normal post-pandemic operations. Operating expenses include depreciation expense of \$4 million.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses reported during the fiscal year 2021-22 consist of investment income, other nonoperating revenues, and interest expense. There was an overall decrease of \$6.6 million primarily driven by a significant decrease of \$8.9 million in other nonoperating revenues resulting from a reduction of HEERF Act institutional funding for reimbursements of lost revenues to the Housing System which were lower than the fiscal year 2020-21 when effects of the COVID-19 pandemic were far more prevalent. As noted in the operating revenue section, HEERF Act revenue is required to be reported as nonoperating revenue. This decrease was offset by an increase in investment income generated from the investment of capital improvement debt proceeds during the construction of the new Tamiami Hall dormitory along with an increase in nonoperating expenses from higher interest expense related to the issuance of new capital improvement debt for the construction of this new project.

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

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.

The following summarizes cash flows for the 2021-22 and 2020-21 fiscal years:

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

	2022	2021
Cash Provided (Used) by:		
Operating Activities	\$ 10.7	\$ 6.1
Noncapital Financing Activities	2.0	10.9
Capital and Related Financing Activities	(47.2)	28.0
Investing Activities	43.9	(46.7)
Net Increase (Decrease) in Cash and Cash Equivalents	9.4	(1.7)
Cash and Cash Equivalents, Beginning of Year	0.2	1.9
Cash and Cash Equivalents, End of Year	\$ 9.6	\$ 0.2

Major sources of funds came from Housing System operations \$25.7 million and HEERF funding of \$2 million. Major uses of funds were purchases of capital assets \$38.1 million, payments to suppliers \$9 million, payments made to and on behalf of employees \$6.3 million, payments for interest on capital improvement debt payable \$5 million, and payments for principal on capital improvement debt payable \$4 million.

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

Capital Assets

At June 30, 2022 the Housing System had \$266.5 million in capital assets, less accumulated depreciation of \$61.2 million, for net capital assets of \$205.3 million. Depreciation charges for the current fiscal year totaled \$4 million.

Capital Assets, Net at June 30

(In Millions)

	2022	2021
Construction in Progress	97.2	57.7
Buildings	106.6	110.5
Furniture and Equipment	1.5	0.3
Capital Assets, Net	\$ 205.3	\$ 168.5

Debt Administration

As of June 30, 2022 the Housing System had \$149.3 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)

	2022	2021
Capital Improvement Debt Payable	\$ 149.3	\$ 154.0

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 Interim Chief Financial Officer and Senior Vice President for Finance and Administration, Aime Martinez, at Florida International University, 11200 Southwest 8th Street, Miami, Florida 33199.

Florida International University
Housing System
Statements of Net Position (Unaudited)
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 9,653,527	\$ 157,799
Investments	21,019,540	33,898,510
Accounts Receivable, Net	360,582	592,733
Interest Receivable	2,117	35,484
Total Current Assets	31,035,766	34,684,526
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	-	2,197
Restricted Investments	7,256,233	37,042,905
Furniture and Equipment	2,354,114	1,099,543
Buildings	166,955,164	166,955,164
Construction in Progress	97,223,145	57,711,549
Accumulated Depreciation	(61,231,764)	(57,313,061)
Total Noncurrent Assets	212,556,892	205,498,297
Total Assets	243,592,658	240,182,823
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,973,657	244,136
Construction Contracts Payable	5,024,149	2,245,600
Salaries and Wages Payable	359,304	301,892
Other Current Liabilities	30	26
Long-Term Liabilities - Current Portion		
Capital Improvement Debt Payable	6,247,701	4,647,701
Compensated Absences Payable	25,111	25,203
Total Current Liabilities	13,629,952	7,464,558
Noncurrent Liabilities:		
Capital Improvement Debt Payable	143,067,976	149,315,677
Compensated Absences Payable	295,065	324,205
Total Noncurrent Liabilities	143,363,041	149,639,882
Total Liabilities	156,992,993	157,104,440
NET POSITION		
Net Investment in Capital Assets	56,036,043	44,323,813
Restricted for Expendable		
Debt Service	13,890	2,519,064
Capital Projects	3,911,824	3,643,926
Unrestricted	26,637,908	32,591,580
TOTAL NET POSITION	\$ 86,599,665	\$ 83,078,383

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, 2022 and 2021

	2022	2021
REVENUES		
Operating Revenues:		
Housing System Rental and Other Fees	\$ 25,738,675	\$ 16,542,647
Total Operating Revenues	25,738,675	16,542,647
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	6,310,729	5,519,260
Services and Supplies	7,890,065	3,175,580
Utilities and Communications	2,834,316	1,743,811
Depreciation	3,947,157	3,920,001
Total Operating Expenses	20,982,267	14,358,652
Operating Income	4,756,408	2,183,995
NONOPERATING REVENUES (EXPENSES)		
Investment Income	1,269,625	582,693
Other Nonoperating Revenues	1,992,711	10,904,733
Interest on Capital Asset-Related Debt	(4,408,990)	(3,441,462)
Other Nonoperating Expenses	-	(2,580,155)
Net Nonoperating (Expenses) Revenues	(1,146,654)	5,465,809
Income Before Transfers	3,609,754	7,649,804
(Transfers Out) Transfers In	(88,472)	2,963
Increase in Net Position	3,521,282	7,652,767
Net Position, Beginning of Year	83,078,383	75,425,616
Net Position, End of Year	\$ 86,599,665	\$ 83,078,383

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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Sales and Services of Housing System	\$ 25,738,675	\$ 16,542,647
Changes in Other Accounts Receivable	265,517	(243,198)
Payments to Employees	(6,282,548)	(5,358,879)
Payments to Suppliers for Goods and Services	(8,994,854)	(4,813,034)
Net Cash Provided by Operating Activities	<u>10,726,790</u>	<u>6,127,536</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances from Other Funds	1,992,712	10,904,734
Net Cash Provided by Noncapital Financing Activities	<u>1,992,712</u>	<u>10,904,734</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from New Bond Issue	-	78,251,556
Purchase or Construction of Capital Assets	(38,106,664)	(41,648,256)
Principal Paid on Capital Debt	(4,010,000)	(4,470,000)
Interest Paid on Capital Debt	(5,044,575)	(4,182,830)
Net Cash (Used) Provided by Capital and Related Financing Activities	<u>(47,161,239)</u>	<u>27,950,470</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Change in Investments	43,299,631	(48,005,878)
Investment Income	635,637	1,304,005
Net Cash Provided (Used) by Investing Activities	<u>43,935,268</u>	<u>(46,701,873)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,493,531	(1,719,133)
Cash and Cash Equivalents, Beginning of Year	159,996	1,879,129
Cash and Cash Equivalents, End of Year	<u>\$ 9,653,527</u>	<u>\$ 159,996</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 4,756,408	\$ 2,183,995
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	3,947,157	3,920,001
Change in Assets and Liabilities		
Accounts Receivable, Net	265,517	(243,198)
Accounts Payable	1,729,524	106,331
Accrued Salaries and Wages	57,412	107,870
Other Current Liabilities	4	26
Accrued Compensated Absences Current and Noncurrent	(29,232)	52,511
Net Cash Provided by Operating Activities	<u>\$ 10,726,790</u>	<u>\$ 6,127,536</u>
Unrealized gain (losses) on investments were recognized as an increase (reduction) to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	<u>\$ 633,988</u>	<u>\$ (721,312)</u>
The Division of Bond Finance issued \$46,365,000 of Capital Improvement Housing Revenue Refunding Bonds, Series 2021A, to refund \$51,730,000 of outstanding Capital Improvement Revenue and Refunding Bonds, Series 2011A, and 2012A. The new debt and defeasance of the old debt were recorded as an increase and a decrease, respectively, to capital improvement debt payable on the statement of net position; however, because the proceeds of the new debt were immediately placed into an irrevocable trust for the defeasance of the Series 2011A and 2012A debt, the transaction did not affect cash and cash equivalents.	<u>\$ -</u>	<u>\$ 5,365,000</u>

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

**Florida International University
Housing System
Notes to Financial Statements (Unaudited)
June 30, 2022 and 2021**

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

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 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, 2022 and 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Implemented Accounting Standards

For the fiscal year ended June 30, 2022 the University and the Housing System implemented GASB Statement No. 87, *Leases*, which seeks to improve the accounting and reporting for leases, by requiring the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, while the lessor is required to recognize a lease receivable and a deferred inflow of resources. While this Statement substantially impacts the University's lease accounting and reporting, the impact to the Housing System is not substantial. The only potential leases in the Housing System are related to copy machines. Therefore, expenses for copier services continue to be recorded as operating expenses in the statement of revenue, expenses and changes in net position.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits including those pertaining to the Housing System 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 premiums and deferred losses on refunding. The University including the Housing System amortizes debt premiums 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.

**Florida International University
Housing System
Notes to Financial Statements (Unaudited)
June 30, 2022 and 2021**

2. INVESTMENTS

Investments attributed to the Housing System are reported at the market value of \$28,275,773 and \$70,941,415 at June 30, 2022 and 2021, 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 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 Housing System's recurring fair value measurements as of June 30, 2022 for SBA debt service accounts are valued using quoted market prices (Level 1 inputs), and investments with the State Treasury which are valued based on the University's share of the pool, (Level 3 inputs). The Housing System's investment in money market funds are reported at amortized cost according to GASB Statement No. 72

The investments attributed to the Housing System as of June 30, 2022 consist of money market funds reported at amortized cost totaling \$26,673,248 and \$24,063,969 at June 30, 2022 and 2021, respectively. SBA Debt Service accounts totaling \$13,772 and \$2,516,758 at June 30, 2022 and 2021, respectively, reported as a Level 1 input at fair value according to GASB 72. State Treasury Special Purpose Investment Account (SPIA) accounts totaling \$1,588,753 and \$44,360,688 at June 30, 2022 and 2021, respectively, reported as a Level 3 input.

State Treasury Special Purpose Investment Account

The Housing System reported investments at fair value totaling \$1,588,753 and \$44,360,688 at June 30, 2022, and 2021, respectively, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The SPIA carried a credit rating of AA-f by Standard & Poor's at June 30, 2022. The SPIA had an effective duration of 2.66 years and had fair value factors of 0.9479 at June 30, 2022. Participants contribute to the Treasury Pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value by the pool participant's total cash balances. The Housing System relies on policies developed by the State Treasury for managing interest rate credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

**Florida International University
Housing System
Notes to Financial Statements (Unaudited)
June 30, 2022 and 2021**

2. INVESTMENTS (Continued)

State Board of Administration Debt Service Accounts

The Housing System reported investments totaling \$13,772 and \$2,516,758 at June 30, 2022 and 2021, 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 \$832,687 and \$958,387 at June 30, 2022 and 2021, 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 \$472,105 and \$365,654, at June 30, 2022 and 2021, respectively.

4. CAPITAL ASSETS

The Housing System's capital asset activity for the year ended June 30, 2022, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Construction in Progress	\$ 57,711,549	\$ 39,511,596	\$ -	\$ 97,223,145
Depreciable Capital Assets:				
Buildings	\$ 166,955,164	\$ -	\$ -	\$ 166,955,164
Furniture and Equipment	1,099,543	1,285,487	30,916	2,354,114
Total Depreciable Capital Assets	168,054,707	1,285,487	30,916	169,309,278
Less, Accumulated Depreciation:				
Buildings	56,496,274	3,846,829	-	60,343,103
Furniture and Equipment	816,787	100,328	28,454	888,661
Total Accumulated Depreciation	57,313,061	3,947,157	28,454	61,231,764
Total Depreciable Capital Assets, Net	\$ 110,741,646	\$ (2,661,670)	\$ 2,462	\$ 108,077,514

**Florida International University
Housing System
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5. LONG-TERM LIABILITIES

Long-term liabilities of the Housing System at June 30, 2022, 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 \$147,270,000 from the 2015A, 2020A, and 2021A Refunding capital improvement debt payable series amounting to \$29,105,000, \$71,800,000, and \$46,365,000, 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, 2022:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
2015A Student Apartments Refunding	\$ 29,105,000	\$ 20,022,361	3.00 - 5.00	2034
2020A Student Apartments	71,800,000	79,765,439	3.00 - 5.00	2050
2021A Student Apartments Refunding	<u>46,365,000</u>	<u>49,527,877</u>	2.00 - 5.00	2041
Total	<u>\$ 147,270,000</u>	<u>\$ 149,315,677</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 \$147,270,000 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 2050. 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 \$204,556,258, and principal and interest paid for the current year totaled \$9,054,575. Housing rental income totaled \$25,738,675 and \$16,542,647 for fiscal years June 30, 2022 and 2021, respectively.

**Florida International University
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6. LONG-TERM LIABILITIES (Continued)

The Housing System's annual requirements to amortize all capital improvement debt outstanding as of June 30, 2022, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,610,000	\$ 4,844,075	\$ 10,454,075
2024	5,865,000	4,589,975	10,454,975
2025	6,220,000	4,296,725	10,516,725
2026	5,720,000	3,985,725	9,705,725
2027	5,970,000	3,729,825	9,699,825
2028-2032	28,295,000	14,759,631	43,054,631
2033-2037	26,365,000	9,284,575	35,649,575
2038-2042	23,315,000	5,899,250	29,214,250
2043-2047	16,465,000	3,177,600	19,642,600
2048-2050	11,110,000	673,200	11,783,200
Subtotal	<u>134,935,000</u>	<u>55,240,581</u>	<u>190,175,581</u>
Plus: Net Premiums and Losses on Bond Refundings	<u>14,380,677</u>	<u>-</u>	<u>14,380,677</u>
Total	<u>\$ 149,315,677</u>	<u>\$ 55,240,581</u>	<u>\$ 204,556,258</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 \$320,177 and \$349,408 at June 30, 2022 and 2021, 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.