



**Board of Trustees  
Finance and Facilities Committee Meeting  
April 3, 2014  
8:30 a.m.  
President's Boardroom, Millican Hall, 3<sup>rd</sup> floor  
Conference call in phone number 800-442-5794, passcode 463796**

**AGENDA**

- |   |  |
|---|--|
| <b>I. CALL TO ORDER</b>   | Marcos R. Marchena<br><i>Chair, Finance and Facilities Committee</i>   |
| <b>II. ROLL CALL</b>  | Tracy D. Reedy<br><i>Coordinator, Administrative Services<br/>for Administration and Finance Division</i>  |
| <b>III. MEETING MINUTES</b>   |  |
| <ul style="list-style-type: none"><li>• Approval of the January 23, 2014, and February 12, 2014, Finance and Facilities Committee meeting minutes</li></ul> | Chair Marchena   |
| <b>IV. NEW BUSINESS</b>   | Chair Marchena   |
| <ul style="list-style-type: none"><li>• Universal Health Insurance for New Students (FFC-1)</li></ul>   | William F. Merck II<br><i>Vice President for Administration and Finance and Chief Financial Officer</i><br>Maribeth Ehasz<br><i>Vice President for Student Development and Enrollment Services</i> |
| <ul style="list-style-type: none"><li>• FFC Charter Review (FFC-2)</li></ul>  | Chair Marchena<br>William F. Merck II  |
| <ul style="list-style-type: none"><li>• Amend UCFAA Bylaws (FFC-3)</li></ul>  | William F. Merck II<br>Jordan Clark<br><i>Associate General Counsel</i>  |

- Direct Support Organizations' 2013-14 Second-Quarter Financial Reports (INFO-1)
  - Golden Knights Corporation and UCF Athletic Association
  - UCF Convocation Corporation
  - UCF Finance Corporation
  - UCF Foundation
  - UCF Research Foundation
- Golden Knights Corporation and UCF Athletic Association Second-Quarter Financial Report Presentation (INFO-2)
- University and DSO Debt Report (INFO-3)
- 2013 Audited University Financial Statements (INFO-4)
- Bloomberg Terminal Fee Discussion (INFO-5)
- UCF Convocation Corporation Series 2004A Certificates of Participation Refinancing (INFO-6)
- Colbourn Hall Renovations (INFO-7)
- Invitation to Negotiate for a Hotel and Conference Center (INFO-8)
- Global Academy Facilities Update (INFO-9)

William F. Merck II  
John C. Pittman  
*Associate Vice President  
for Administration and Finance,  
Debt Management*

William F. Merck II  
John C. Pittman  
Brad Stricklin  
*Senior Associate Athletic Director  
and Chief Financial Officer*

William F. Merck II  
John C. Pittman

William F. Merck II  
Tracy Clark  
*Associate Vice President  
for Administration and Finance  
and Controller*

William F. Merck II  
Paul Jarley  
*Dean of the College of Business Administration*

William F. Merck II  
John C. Pittman

William F. Merck II

William F. Merck II

William F. Merck II  
Paul Lartonoix  
*Interim Assistant Vice Provost*

## V. OTHER BUSINESS

Chair Marchena

## VI. CLOSING COMMENTS

Chair Marchena



Board of Trustees  
Finance and Facilities Committee Meeting  
Live Oak Event Center  
January 23, 2014

**MINUTES**

**CALL TO ORDER**

Trustee Marcos Marchena, chair of the Finance and Facilities Committee, called the meeting to order at 11:25 a.m. Committee members Robert Garvy, Alex Martins, Reid Oetjen, and Melissa Westbrook were present. Committee member Jim Atchison attended via teleconference. Trustees Clarence Brown and Olga Calvet were present and Trustee Ray Gilley attended via teleconference.

**NEW BUSINESS**

2014-15 Student Activity and Service, Health, and Athletic Fees (INFO-1)

The 2014-15 Student Activity and Service, Health, and Athletic Fees were discussed as an information item. William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, explained that with the exception of tuition, all fee increases will be presented to the committee for approval during one meeting rather than the previously used staggered approach. Dr. Maribeth Ehasz, Vice President for Student Enrollment and Development Services, and Jason Wojkiewicz, Student Government Association Comptroller, discussed the need and reasoning for the Student Activity and Service Fee increase. Todd Stansbury, Vice President and Director of Athletics, and Brad Stricklin, Senior Associate Athletic Director and Chief Financial Officer, discussed the need and reasoning for the Athletic Fee increase.

Chair Marchena adjourned the Finance and Facilities Committee meeting at 12:15 p.m.

Respectfully submitted: William F. Merck II  
William F. Merck II  
Vice President for Administration and Finance  
and Chief Financial Officer

2-11-14  
Date



Board of Trustees  
Finance and Facilities Committee Meeting  
President's Boardroom, Millican Hall, 3<sup>rd</sup> floor  
February 12, 2014

**MINUTES**

**CALL TO ORDER**

Trustee Marcos Marchena, chair of the Finance and Facilities Committee, called the meeting to order at 8:34 a.m. Committee members Reid Oetjen and Melissa Westbrook were present. Committee members John Sprouls and Robert Garvy attended via teleconference. Trustee Olga Calvet was present and Trustee Richard Crotty attended via teleconference.

**MINUTES APPROVAL**

The minutes of the December 4, 2013, Finance and Facilities Committee meeting were approved as submitted.

**NEW BUSINESS**

Finance and Facilities Committee Charter Review (FFC-1)

Regulations implemented by the Board of Trustees in January 2011 direct the Finance and Facilities Committee to review its charter every three years. Chair Marchena instructed the committee members to study the charter and bring suggestions for revisions to the next FFC meeting.

2014-15 Medical Student Tuition and Fees (FFC-2)

Deborah German, Vice President for Medical Affairs and Dean of the College of Medicine, discussed the proposed increase in 2014-15 medical student tuition and fees. The committee unanimously approved the proposed increase.

2014-15 Student Activity and Service, Health, and Athletic Fees (FFC-3)

William F. Merck, II, Vice President for Administration and Finance and Chief Financial Officer, discussed the proposed increase in the 2014-15 Student Activity and Service Fee and Athletic Fee and the proposed decrease in the 2014-15 Health Fee. The committee unanimously approved the proposed increases and the proposed decrease.

Capital Improvement Trust Fund Fee (FFC-4)

Merck discussed the proposed increase in the Capital Improvement Trust Fund Fee to support the design and development of the John C. Hitt Library. The committee unanimously approved the proposed increase.



Minor Amendment to the 2010 Campus Master Plan -- Global International Student Center and Parking Garage (FFC-5)

Merck and Lee Kernek, Associate Vice President for Administration and Finance, requested approval for a minor amendment to the University of Central Florida Campus Master Plan to construct a 51,920 gross-square-foot Global Academy academic building and a parking garage. The committee unanimously approved the amendment.

Technology Fee Report (INFO-1)

Joel Hartman, Vice President for Information Technologies and Resources and Chief Information Officer, presented a summary of the technology fees as an information item.

Equipment Fees for 2014-15 (INFO-2)

Max Poole, Senior Associate Dean for the College of Graduate Studies, and Elliott M. Vittes, Interim Vice Provost and Dean of Undergraduate Studies, presented a summary of the equipment fees as an information item.

UCF Housing Update (INFO-3)

Jeff Novak, Director of Housing, gave an update on Spring 2014 occupancy for UCF and affiliated housing.

UCF Investments Quarterly Report Ended December 31, 2013 (INFO-4)

Tracy Clark, Associate Vice President for Administration and Finance and Controller, reviewed the investments quarterly update as of December 31, 2013.

Key Financial Ratios – UCF Compared to State University System (INFO-5)

Clark reviewed the key financial ratios as of June 30, 2012.

University Operating Budget Report ended December 31, 2013 (INFO-6)

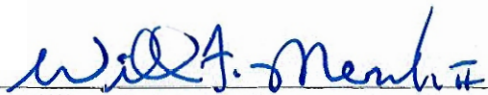
Clark reported that the University Operating Budget Report ended December 31, 2013, was provided as an information item.

UCF Research Foundation 2013-14 First-Quarter Financial Report Presentation (INFO-7)

Edward Jacobs, Chief Financial Officer and Treasurer for the UCF Research Foundation, gave a presentation on the foundation's operating results.

Chair Marchena adjourned the Finance and Facilities Committee meeting at 10:06 a.m.

Respectfully submitted:



William F. Merck II  
Vice President for Administration and Finance  
and Chief Financial Officer

2-26-14  
Date

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** Universal Health Insurance for New Students

**DATE:** April 3, 2014

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**PROPOSED COMMITTEE ACTION**

Approve universal health insurance as a condition of enrollment for new students beginning Fall 2015.

**BACKGROUND INFORMATION**

Health Services recommends the establishment of universal health insurance as a condition of enrollment through a "hard waiver" procedure. The hard waiver procedure would require students to show evidence of insurance coverage before enrolling at the university. Although the majority of students at UCF are insured, 21.2 percent are uninsured. These students are faced with limitations to access of health care for all services not provided by the student health fee.

Universal health insurance is a national and state trend in higher education. The majority of the top 20 public universities in the United States have universal health insurance. The Florida Legislature requires state institutions to be compliant with the Affordable Care Act mandate for insurance beginning in 2014. Also beginning in 2014, persons earning more than \$10,000 will face a federal penalty unless insured. Because most students earn less than \$10,000, many might not opt to pursue insurance without a university requirement.

A phased-in approach is recommended for all new students beginning in Fall 2015. Students without insurance, or insurance that does not cover them in the Central Florida area, would be required to purchase insurance offered by the university or another policy that meets acceptable standards.

Student focus groups have convened to access student input. These groups include Student Government, LEAD Scholars, and the Student Health Advisory Committee. This proposal has received a positive response. Exceptions to universal insurance as a condition of enrollment (i.e. geographical considerations, number of credit hours attempted, and financial concerns) will be considered.

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**Supporting documentation:** Universal Student Health Insurance, Top Public Universities  
(Attachment A)

**Prepared by:** Maribeth Ehasz, Vice President for Student Development and  
Enrollment Services

**Submitted by:** William F. Merck II, Vice President for Administration and Finance  
and Chief Financial Officer

Attachment A

Universal Health Insurance  
U.S. News & World Report  
Top Public Universities

- #1 **University of California - Berkeley**
- #2 **University of California - Los Angeles**
- #2 **University of Virginia**
- #4 University of Michigan - Ann Arbor
- #5 **University of North Carolina--Chapel Hill**
- #6 **College of William and Mary**
- #7 Georgia Institute of Technology
- #8 Pennsylvania State University - University Park
- #9 **University of California - Davis**
- #9 **University of California - San Diego**
- #11 **University of California - Santa Barbara**
- #11 University of Wisconsin - Madison
- #11 **University of Illinois – Urbana - Champaign**
- #14 **University of California - Irvine**
- #14 **University of Florida**
- #16 University of Texas - Austin
- #16 University of Washington
- #16 **Ohio State University - Columbus**
- #19 **University of Connecticut**
- #20 University Georgia

Note: Institutions with universal health insurance are listed in bold. The other institutions listed do not have universal health insurance.

Source: <http://colleges.usnews.rankingsandreviews.com/best-colleges/rankings/national-universities/top-public>

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** Finance and Facilities Committee Charter Review

**DATE:** April 3, 2014

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**PROPOSED COMMITTEE ACTION**

Review the Finance and Facilities Committee charter for potential modifications.

**BACKGROUND INFORMATION**

Regulations implemented by the Board of Trustees in January 2011 direct the Finance and Facilities Committee to review its charter every three years. Changes in style only require approval at the committee level. Changes in content must be approved by the committee and then be presented to the full Board of Trustees for approval.

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**Supporting documentation:** Finance and Facilities Committee Charter

**Prepared by:** William F. Merck II, Vice President for Administration and Finance  
and Chief Financial Officer

**Submitted by:** William F. Merck II, Vice President for Administration and Finance  
and Chief Financial Officer

**UNIVERSITY OF CENTRAL FLORIDA**  
**FINANCE AND FACILITIES COMMITTEE CHARTER**

**1. Overall Purpose/Objectives**

The Finance and Facilities Committee ("**Committee**") is a committee of the University of Central Florida Board of Trustees ("**Board**"), whose members are appointed by the Chairman of the Board. The general purpose of the Committee is to provide review, policy guidance and strategic oversight of the university's financial matters, financial reporting statements, campus master planning activities and other real estate type activities for both the University and its direct support organizations ("**DSO(s)**").

For university financial matters, the Committee will review actions to be presented to the Board and provide a recommendation. This includes, but is not limited to, the annual University budget and all tuition, room rents, and other student fees that are required by state statute to be approved by the Board. The committee will schedule and periodically review financial reports from the university's direct support organizations (DSO's).

For campus master planning and other real estate matters the Committee will coordinate the campus master planning process and provide recommendations to the Board for action. The committee will annually review the capital improvement plan submissions to the Board of Governors and State legislature, and periodically review programs that ensure the maintenance and safety of University facilities. The committee will review any real estate related projects or facilities involving the University or any of its DSO's, or any other university entities that may arise in the future by whatever designation, and make recommendations to the full Board. The Committee will participate in (and review and approve) the planning process for any DSO-initiated program that will materially affect the University either financially or in reputation, or involve any real estate related matters on or off campus.

**2. Authority**

The Board authorizes the Committee to:

- 2.1 Perform activities within the scope of its charter.
- 2.2 Engage outside consultants and other advisors as it deems necessary with approval of the Board or the President.
- 2.3 Have unrestricted access to management, faculty, and employees of the University and its DSOs, as well as to all books and records related to facilities planning.



### **3. Organization Membership**

- 3.1 The Chair of the Board will appoint the chair and members of the Committee, all of whom must be members of the Board.
- 3.2 The Committee will consist of at least five members.
- 3.3 Members will serve on the Committee until their resignation or replacement by the Chair of the Board.

### **4. Meetings**

- 4.1 A majority of the members of the Committee will constitute a quorum for the transaction of business.
- 4.2 Meetings shall be held not less than three times per year.
- 4.3 The Committee shall maintain written minutes of its meetings.
- 4.4 The Vice President for Administration and Finance, who has operational responsibility for facilities planning, will be the liaison to the Committee from the UCF Administration. Said Vice President will regularly meet and correspond with the Chairman of the Committee and in consultation with the Chairman, prepare the agenda for meetings of the Committee. Said Vice President will further advise and keep informed as needed both the President and the Chair of the Board on a regular basis regarding matters brought before and actions taken by the Committee.
- 4.5 The Committee may request special presentations or reports that may enhance members' understanding of their responsibilities.
- 4.6 It is the intent of the Committee for matters within its purview to come before the Committee as early as possible so that the Committee can issue its recommendations and exercise its oversight at the beginning of any particular project or matter.

### **5. Roles and Responsibilities**

#### **FINANCE**

With regard to each item listed below, the committee will:

- 5.1 review the annual operating budgets of the university and recommend appropriate action to the board
- 5.2 review the financial statements of the university's DSO's, making recommendations for action to the board as needed; (frequency of review is at the discretion of the committee, but will be not less than once each year)

- 5.3 review the annual capital budget request of the university and recommend appropriate action to the board
- 5.4 review annual (or interim) changes to the university's tuition and fees and any related policy changes, and recommend appropriate action to the Board
- 5.5 review the annual financial statements of the university, making any recommendations regarding such reports deemed necessary to the Board

## **FACILITIES**

### **6. Campus Master Plan**

- 6.1 Become familiar with the current campus master plan and the philosophies behind its development.
- 6.2 Understand the statutorily required process and frequency of updates to the plan.
- 6.3 Recommend amendments to the plan to the Board.
- 6.4 Recommend appropriate action regarding the acquisition and disposition of real property.

### **Capital Improvement Plan**

- 6.5 Review material proposed additions to and renovations of existing facilities, to include facilities of the University and DSOs.
- 6.6 Review and recommend to the Board the annual list of capital improvements for funding by the Legislature, including the PECO list and the Capital Improvement Program for all other projects.
- 6.7 Periodically review and recommend to the Board matters and facilities relating specifically to student housing, both on and off campus and further review a long-term strategic planning program for said student housing.

### **Direct Support Organizations**

- 6.8 Participate in the planning process for any DSO involvement in capital projects that affect the University either financially or in reputation or involve any real estate.
- 6.9 Review, provide oversight with respect to, and provide recommendations to the Board for any actions that may be required stemming from a DSO initiated capital project.

### **Maintenance of Facilities**

- 6.10 Review the effectiveness of the various University and DSO organizations in maintaining the buildings and grounds that are responsibilities of the Board.
- 6.11 Review the effectiveness of University law enforcement in protecting the physical assets of the University and providing a safe environment for the various University constituencies.
- 6.12 Review the effectiveness of the campus organizations responsible for environmental health and safety both in the buildings and on the grounds.
- 6.13 Provide recommended action items to the Board on all of the items above to the Board when necessary.
- 6.14 Adopt and recommend to the Board a policy associated with the naming of any buildings or facilities of the University.

### **Reporting Responsibilities**

- 6.15 Regularly update the Board about Committee activities and make appropriate recommendations.
- 6.16 Ensure the Board is aware of matters within the purview or responsibility of the Committee that may significantly impact the financial condition or legal liability of the University.

### **Charter Review**

- 6.17 Review the Committee Charter at least every three years and discuss any required changes with the Board.
- 6.18 Ensure that the charter is approved or reapproved by the Board after each update.

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** Amend UCFAA Bylaws

**DATE:** April 3, 2014

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**PROPOSED COMMITTEE ACTION**

Approval is requested to amend the UCF Athletics Association bylaws to combine the standing Audit Committee and Finance Committee to create a new single Audit and Finance Committee.

**BACKGROUND INFORMATION**

The current UCFAA bylaws set forth two different standing committees, one for audit and another for finance. Even though the committees are separate and distinct committees, they have met jointly for many years. The purpose of the amendment is a house-keeping measure and allows for more flexibility and administrative ease when scheduling committee meetings and obtaining a quorum. The duties and obligations of the new combined committee would match the duties and obligations of the existing two committees.

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**Supporting documentation:** Amended and Restated UCFAA Bylaws

**Prepared by:** Jordan Clark, Associate General Counsel

**Submitted by:** William F. Merck II, Vice President for Administration and Finance  
and Chief Financial Officer

AMENDED AND RESTATED BYLAWS OF  
UCF ATHLETICS ASSOCIATION, INC.

ARTICLE I

ANNUAL MEETING

1. The annual meeting of the members of this Corporation shall be held on the first Monday of July of each year, or as soon thereafter as possible. The time and location of the annual meeting shall be designated by the Chairman of the Board of Directors.
2. The annual reports of the officers for the year shall be read and considered.
3. Following the reports of the officers, such other business as may come before the body may be transacted.
4. At this meeting, a majority of the voting members shall constitute a quorum and a majority of those voting members present may transact any business coming before the body.

ARTICLE II

QUALIFICATIONS FOR MEMBERSHIP

1. Voting - The following persons shall be voting members of this Corporation:
  - A. The President of the University of Central Florida, and such members of the administration, faculty or student body of the University, as the President of the University may appoint and for such terms as the President of the University shall designate.
  - B. The Chairman of the University of Central Florida Board of Trustees or designee.
  - C. The President of the University of Central Florida Alumni Association or designee.
  - D. The President of the University of Central Florida Golden Knights Club or designee.
  - E. Three members of the public as appointed by the President of the University for such terms as the President of the University shall designate.
2. Non-Voting – The President of the University shall have the right to appoint non-voting members of this Corporation for such terms as the President of the University shall designate.

## ARTICLE III

### BOARD OF DIRECTORS

1. The President of the University shall serve as Chairman of the Board of Directors.
2. There shall be voting directors and non-voting directors. The voting directors shall be the voting members of this Corporation and the non-voting directors shall be the non-voting members of this Corporation.
3. The duties of the Board of Directors shall be as follows:
  - A. To discharge faithfully all the duties imposed upon it by the Articles of Incorporation and by law.
  - B. To meet upon the call of the Chairman of the Board, the President of this Corporation, or any three members of the Board.
  - C. To select a bank or banks or other depositories for the deposit of the funds and securities of the Corporation; and to cause the Corporation to conduct its financial affairs in conformity with the policies and procedures adopted by the Board.
  - D. To cause an audit of the books and records of this Corporation to be made at least once each fiscal year together with a management letter, including the response from management, conducted by a firm of independent Certified Public Accountants selected by the Chairman of the Board, whose engagement letter shall provide that it render an opinion on the financial statements in accordance with generally accepted accounting principles and to have the results of the audit reported to the Board of Directors.
4. A majority of the voting directors shall constitute a quorum at any meeting of the Board of Directors or Committees thereof and all questions shall be determined by a majority vote.
5. The President of the Corporation shall preside at meetings of the Board of Directors. In the absence of the President from any meeting, the Vice President of the Corporation shall preside. In the absence of the Vice President, the President of the University may appoint any director to preside.
6. Meetings may be conducted by telephone, video conference or similar communications equipment, provided all persons participating in such meetings are able to communicate with each other.
7. Proxies, general or special, shall not be accepted for any purpose in the meeting of the Board of Directors or Committees thereof.



## ARTICLE IV

### CHAIRMAN OF THE BOARD AND OFFICERS OF THE CORPORATION

1. The Chairman of the Board of Directors shall have the following authority:
  - A. The Chairman shall retain the authority to monitor and control the use of the Corporation's resources. The Chairman shall retain control of the Corporation's name and shall monitor compliance of the Corporation with state and federal laws and the applicable rules or policies of the State Board of Education, the Florida Board of Governors and the University's Board of Trustees.
  - B. The Chairman or Chairman's designee shall review and approve quarterly expenditure plans for the Corporation. If the Chairman appoints a designee to review and approve the quarterly expenditure plans, such designee shall be a Vice President or other senior officer of the University who reports directly to the President of the University. The quarterly expenditure plan shall separately delineate planned actions which may result in a commitment of University resources or the resources of the Corporation.
  - C. The Chairman of the Board shall possess line-item authority over the budget of the Corporation. This authority includes the establishment of additional line items and reduction or elimination of existing budgetary items.
  - D. The Chairman or designee shall prepare the agenda for all meetings of the Board of Directors.
  - E. The Chairman shall appoint the officers of the Corporation. The President shall be appointed annually from the voting members of this Corporation. These officers are to serve terms of one year each commencing immediately following their appointment. The Executive Vice President of the Corporation shall be the Director of Athletics for the University and shall serve so long as he or she holds this position.
  - F. In the event of absence, inability, or refusal to act of any of the officers of this Corporation, the Chairman shall appoint a successor or successors to perform the duties of their respective offices.
  - G. The Chairman, upon the recommendation of the Audit Committee, shall engage a firm of independent Certified Public Accountants for the performance of a financial audit, and the rendering of the associated management letter, for each fiscal year of this Corporation.

2. The duties of the President of this Corporation shall be as follows:
  - A. To preside at all meetings of the Board of Directors.
  - B. To present a written report of the conduct of his or her office at the next annual meeting following his or her appointment to office.
3. The duties of the Executive Vice President shall be as follows:
  - A. Manage the day to day activities of the corporation.
  - B. To perform the duties of the President during the absence or incapacity of the President.
  - C. To present an annual written report of the conduct of his or her office at the annual meeting.
4. The duties of the Secretary shall be as follows:
  - A. To keep accurate minutes of the proceedings of the annual meeting of the Corporation and all meetings of the Board of Directors and preserve same in a book of such nature as to serve as a permanent record.
  - B. To keep on record a copy of the Articles of Incorporation and Bylaws of the Corporation and all amendments thereto.
  - C. To keep the seal of the Corporation and affix same to such official documents, records and papers as may be required.
  - D. To keep an accurate list of all members of this corporation.
  - E. To present a written report of the conduct of his or her office at the next annual meeting following his or her appointment to office.
5. The duties of the Treasurer shall be as follows:
  - A. To assure that adequate provision is made for the care and custody of all the assets of this Corporation.
  - B. To assure that adequate provision is made to keep in force a blanket surety bond to assure that each officer and employee who is authorized to collect, hold, or disburse funds of the Corporation shall faithfully discharge their duties, the adequacy of which shall be determined by the Executive Committee.
  - C. To present a written report of the conduct of his or her office at the next annual meeting following his or her appointment to office.

## ARTICLE V

### COMMITTEES OF THE BOARD OF DIRECTORS

#### 1. STANDING COMMITTEES

There shall be Standing Committees of the Board of Directors. Standing Committees shall be permanent and their membership shall consist of voting directors and such other members of the University community as appointed by the Chairman. Standing Committee members shall serve until the Chairman of the Board appoints a replacement. The Standing Committees are designated as follows:

##### A. EXECUTIVE COMMITTEE

The Executive Committee shall consist of five members, two of whom shall be designated by the Chairman of the Corporation and the remaining three of whom shall be the following:

1. The President of the Corporation,
2. The President of the University of Central Florida or designee who is a member of the Board of Directors of this Corporation.
3. The Chairman of the University Board of Trustees or designee who is a member of the Board of Directors of this Corporation.

The Executive Committee shall meet at the call of the Chairman or President of the Corporation. The presence of three members shall constitute a quorum of this Committee and the affirmative vote of three members shall be necessary for the adoption of any motion or resolution. When urgency precludes a formal meeting, matters may be handled by mail or telephone, subsequently confirmed in writing. No subsequent revision or alteration by the Board of Directors of action taken by the Executive Committee shall affect the rights of third parties.

The Executive Committee shall have and may exercise all powers and authority of the Board of Directors when the Board is not in session, subject only to such restrictions or limitations as the Board of Directors may from time to time specify; provided however, the Executive Committee shall have no authority to alter, amend, or repeal the Articles of Incorporation or the Bylaws of the Corporation or to appoint directors. All actions of the Executive Committee shall be reported in writing to the Board of Directors at the next meeting of the Board, or when deemed sufficiently important by any member of the Executive Committee or the Executive Vice President, such actions shall be reported within



ten days after such action. All actions of the Executive Committee shall be included in the minutes of the Board of Directors meetings.

## B. AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee shall consist of a minimum of three members. The duties of the Audit and Finance Committee shall be as follows:

1. The Audit and Finance Committee shall concern itself with fiscal policy, budget and spending. It shall review the annual budget and from time to time assure itself that the budget and current funds of the Corporation are administered in accordance with the policies of the Board of Directors.
2. The Audit and Finance Committee shall develop and review financial policies and procedures and make detailed reports to the Board of Directors.
3. The Audit and Finance Committee shall receive and consider the Corporation's budget for each fiscal year. It shall then present the budget with appropriate recommendations to the Corporation's Board of Directors. Upon approval by the board, the budget shall be submitted to the President of the University of Central Florida for approval. Upon approval, the President shall recommend the budget to the University Board of Trustees for review and approval.
4. The Audit and Finance Committee shall meet with Corporation staff from time to time and compare actual spending with the budget and make recommendations to the Board.
5. The Audit and Finance Committee shall recommend to the Chairman of the Board of Directors, no later than March 31 of every year, the engagement of a firm of independent Certified Public Accountants for the performance of a financial audit, and the rendering of the associated Management Letter, for the Corporation's fiscal year which ends on the following June 30th.
6. The Audit and Finance Committee shall receive, on behalf of the Board of Directors, the Audit Report, the associated Management Letter, and responses by this Corporation's management to the Management Letter. The Audit and Finance Committee shall meet, as it deems appropriate, with representatives of the auditing firm and the Corporation's management to discuss any issues, which arise as a result of the Audit Report, the Management Letter, or the responses to the Management Letter from the Corporation's management.

7. The Audit and Finance Committee shall transmit the Audit Report, the Management Letter, and the responses of this Corporation's management to the Management Letter to the Executive Committee and the Chairman of the Board of Directors within thirty days of receipt of the completed documents. The transmittal of the completed documents shall be accompanied by comments of the Audit and Finance Committee regarding the audit results and recommendation for action by the Board of Directors. The annual audit and management letter shall be forwarded to the University Board of Trustees for review.
8. The Audit and Finance Committee shall also undertake other relevant projects, which the Board of Directors, the Chairman, or the President of the Corporation shall deem appropriate to assign to it.
9. The annual audit reports shall be submitted within nine months after the end of the fiscal year, to the Auditor General and State Board of Education for review.
10. The Treasurer of the Corporation or the Treasurer's designee shall serve as the Secretary of the Audit and Finance Committee and shall keep minutes of the actions of the Committee. The Secretary of the Audit and Finance Committee need not be a member of the Audit and Finance Committee.

#### ~~B. FINANCE COMMITTEE~~

~~The Finance Committee shall consist of a minimum of three members. The duties of the Finance Committee shall be as follows:~~

- ~~1. The Finance Committee shall concern itself with fiscal policy, budget and spending. It shall review the annual budget and from time to time assure itself that the budget and current funds of the Corporation are administered in accordance with the policies of the Board of Directors.~~
- ~~2. The Finance Committee shall develop and review financial policies and procedures and make detailed reports to the Board of Directors.~~
- ~~3. The Finance Committee shall receive and consider the Corporation's budget for each fiscal year. It shall then present the budget with appropriate recommendations to the Corporation's Board of Directors. Upon approval by the board, the budget shall be submitted to the President of the University of Central Florida~~



for approval. Upon approval, the President shall recommend the budget to the University Board of Trustees for review and approval.

4. — The Finance Committee shall meet with Corporation staff from time to time and compare actual spending with the budget and make recommendations to the Board.
5. — The Treasurer of the Corporation or the Treasurer's designee shall serve as the Secretary of the Finance Committee and shall keep minutes of the actions of the Committee. The Secretary of the Finance Committee need not be a member of the Finance Committee.

#### C. — AUDIT COMMITTEE

1. — The Audit Committee shall consist of a minimum of three members.
2. — The Audit Committee shall recommend to the Chairman of the Board of Directors, no later than March 31 of every year, the engagement of a firm of independent Certified Public Accountants for the performance of a financial audit, and the rendering of the associated Management Letter, for the Corporation's fiscal year which ends on the following June 30th.
3. — The Audit Committee shall receive, on behalf of the Board of Directors, the Audit Report, the associated Management Letter and responses by this Corporation's management to the Management Letter. The Audit Committee shall meet, as it deems appropriate, with representatives of the auditing firm and the Corporation's management to discuss any issues which arise as a result of the Audit Report, the Management Letter or the responses to the Management Letter from the Corporation's management.
4. — The Audit Committee shall transmit the Audit Report, the Management Letter and the responses of this Corporation's management to the Management Letter to the Executive Committee and the Chairman of the Board of Directors within thirty days of receipt of the completed documents. The transmittal of the completed documents shall be accompanied by comments of the Audit Committee regarding the audit results and recommendation for action by the Board of Directors.
5. — The annual audit and management letter shall be forwarded to the University Board of Trustees for review.



~~6. The Audit Committee shall also undertake other relevant projects which the Board of Directors, the Chairman or the President of the Corporation shall deem appropriate to assign to it.~~

~~7. The annual audit reports shall be submitted within 9 months after the end of the fiscal year, to the Auditor General and State Board of Education for review.~~

## 2. SPECIAL COMMITTEES

The Chairman of the Board of Directors of the Corporation shall have the authority to establish an unlimited number of Special Committees to accomplish any objectives affecting various interests and the welfare of the Corporation and the University of Central Florida.

## ARTICLE VI

### MISCELLANEOUS PROVISIONS

1. Contracts for the routine activities of this Corporation, such as intercollegiate athletic contests, those covering radio broadcasts, concessions, use of facilities and ordinary purchases shall be signed in the name of the Corporation by the Executive Vice President or designee.
2. The Directors and Officers of this Corporation, except those otherwise employed by the Corporation, shall not receive any compensation from this Corporation for their services as director or officer; provided, however, that they may be reimbursed from funds of the Corporation for any travel expenses or other expenditures incurred by them in the proper performance of their duties.
3. Whenever a vacancy occurs on the Board of Directors of the Corporation or in any office, it may be filled by appointment made by the Chairman of the Board of Directors in conformity with these Bylaws. The newly appointed member or officer shall act during the remainder of the unexpired term of his or her predecessor.
4. The seal of this Corporation shall be in the form of a circle and shall bear, among other things, the name of the Corporation and the date of its incorporation.
5. Personnel employed by this Corporation shall not be considered to be employees of the State of Florida by virtue of employment by this Corporation.
6. This Corporation shall indemnify and hold harmless all directors, officers, and employees of the Corporation for any liability heretofore or hereafter incurred as a result of their actions in the performance of their duties on behalf of this Corporation. The Corporation shall have the authority to purchase insurance for this purpose.

## ARTICLE VII

### AMENDMENTS

These Bylaws may be altered, amended, or rescinded only by an affirmative vote of the majority of all of the voting members. In case it becomes necessary to call a special meeting for this purpose, written notice shall be given to each voting member of the Corporation at least fifteen (15) calendar days before the date set for the meeting, and such notice shall indicate the provision sought to be amended and the nature of the amendment proposed to be adopted. All proposed amendments are subject to University Board of Trustees review and approval.

## ARTICLE VIII

### FISCAL YEAR

The fiscal year of the Corporation shall begin on July 1 and end on June 30 of the following year.

## ARTICLE IX

### NONDISCRIMINATION

The Corporation is committed to non-discrimination with respect to race, creed, color, religion, age, disability, sex, marital status, national origin, or veteran status.

## ARTICLE X

### CONFLICT OF INTEREST

All actual or potential conflicts of interest involving directors of the Corporation shall be disclosed and addressed in accordance with the Corporation's Conflict of Interest Policy.

## ARTICLE XI

### PUBLIC RECORDS

Public access to the Corporation's records shall be governed by Section 1004.28, Florida Statutes.

I HEREBY CERTIFY that the foregoing Amended and Restated Bylaws were approved by majority vote of the Board of Directors on \_\_\_\_\_, ~~2006~~2014 and by majority vote of the University of Central Florida Board of Trustees on \_\_\_\_\_, ~~2006~~2014.

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Secretary

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Date

ITEM: INFO-1

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** Direct Support Organizations' 2013-14 Second-Quarter Financial Reports

**DATE:** April 3, 2014

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For information only.

**UCF Athletic Association and Golden Knights Corporation**  
**Consolidated Statement of Operations - Cash Basis**  
**As of December 31, 2013**

	UCF Athletic Association Actual 2013-14	Golden Knights Corporation Actual 2013-14	Combined Actual 2013-14	UCF Athletic Association Budget 2013-14	Golden Knights Corporation Budget 2013-14	Combined Budget 2013-14	Variance to Budget Better (Worse)	UCF Athletic Association Actual 2012-13	Golden Knights Corporation Actual 2012-13	Combined Actual 2012-13	Variance to Prior Year Better (Worse)
<b>Operating revenues</b>											
Athletic events, including premium seating	\$ 6,516,012	\$ 1,565,635	\$ 8,081,647	\$ 4,733,225	\$ 1,550,000	\$ 6,283,225	\$ 1,798,422	\$ 5,044,684	\$ 1,493,588	\$ 6,538,272	\$ 1,543,375
University allocations	17,734,394	-	17,734,394	17,500,000	-	17,500,000	234,394	17,844,666	-	17,844,666	(110,272)
Sponsorship	1,832,286	500,000	2,332,286	1,750,000	500,000	2,250,000	82,286	1,626,553	1,400,000	3,026,553	(694,267)
Contributions	156,453	175,000	331,453	150,000	278,400	428,400	(96,947)	171,500	105,307	276,807	54,646
Other	335,872	122,443	458,315	320,000	115,000	435,000	23,315	335,724	84,651	420,375	37,940
<b>Total Operating revenues</b>	<b>26,575,017</b>	<b>2,363,078</b>	<b>28,938,095</b>	<b>24,453,225</b>	<b>2,443,400</b>	<b>26,896,625</b>	<b>2,041,470</b>	<b>25,023,127</b>	<b>3,083,546</b>	<b>28,106,673</b>	<b>831,422</b>
<b>Operating expenses</b>											
Scholarships	3,203,619	-	3,203,619	3,440,410	-	3,440,410	236,791	3,166,069	-	3,166,069	(37,550)
Employee compensation	7,079,821	-	7,079,821	7,469,062	-	7,469,062	389,241	6,611,039	-	6,611,039	(468,782)
Sport operations	4,411,428	-	4,411,428	3,852,993	-	3,852,993	(558,435)	4,139,420	-	4,139,420	(272,008)
Support operations	4,458,757	382,143	4,840,900	4,434,487	557,030	4,991,517	150,617	3,476,445	428,740	3,905,185	(935,715)
<b>Total Operating expenses</b>	<b>19,153,625</b>	<b>382,143</b>	<b>19,535,768</b>	<b>19,196,952</b>	<b>557,030</b>	<b>19,753,982</b>	<b>218,214</b>	<b>17,392,973</b>	<b>428,740</b>	<b>17,821,713</b>	<b>(1,714,055)</b>
<b>Net operating income</b>	<b>7,421,392</b>	<b>1,980,935</b>	<b>9,402,327</b>	<b>5,256,273</b>	<b>1,886,370</b>	<b>7,142,643</b>	<b>2,259,684</b>	<b>7,630,154</b>	<b>2,654,806</b>	<b>10,284,960</b>	<b>(882,633)</b>
<b>Nonoperating revenues (expenses)</b>											
Net transfers (to GKC) / from UCFAA	(2,043,758)	2,043,758	-	(2,043,758)	2,043,758	-	-	(1,573,469)	1,573,469	-	-
Interest income	5,930	74,634	80,564	16,000	75,000	91,000	(10,436)	14,426	77,518	91,944	(11,360)
Interest expense	(105,602)	(1,034,902)	(1,140,504)	(110,000)	(1,040,743)	(1,150,743)	10,239	(97,114)	(1,061,817)	(1,158,931)	18,427
<b>Total nonoperating revenues (expenses)</b>	<b>(2,143,430)</b>	<b>1,083,490</b>	<b>(1,059,940)</b>	<b>(2,137,758)</b>	<b>1,078,015</b>	<b>(1,059,743)</b>	<b>(197)</b>	<b>(1,656,157)</b>	<b>589,170</b>	<b>(1,066,987)</b>	<b>7,047</b>
<b>Net increase from operations</b>	<b>\$ 5,277,962</b>	<b>\$ 3,064,425</b>	<b>\$ 8,342,387</b>	<b>\$ 3,118,515</b>	<b>\$ 2,964,385</b>	<b>\$ 6,082,900</b>	<b>\$ 2,259,487</b>	<b>\$ 5,973,997</b>	<b>\$ 3,243,976</b>	<b>\$ 9,217,973</b>	<b>\$ (875,566)</b>
<b>Debt Service</b>											
Total principal and interest payments July 1 through December 31	\$ 267,800	\$ 1,154,902	\$ 1,422,702	\$ 280,000	\$ 1,319,143	\$ 1,599,143	\$ 176,441	\$ 280,056	\$ 1,306,817	\$ 1,586,873	\$ 164,171
							11.03 %				10.35 %

\*Variance from budget is due to Toistillo's Fiesta Bowl revenues not anticipated in the budget.

**UCF Convocation Corporation**  
**Statement of Operations**  
**As of December 31, 2013 (50% of year)**

	2013-14			2012-13		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Arena Operations</b>						
<b>Revenues</b>						
Event related	\$ 2,526,525	\$ 2,502,691	\$ 23,834 1.0 %	\$ 1,157,364	\$ 1,762,259	\$ (604,895) (34.3)%
Premium seating and sponsorship	761,231	763,000	(1,769) (0.2)%	369,076	400,000	(30,924) (7.7)%
Other	2,736,112	2,718,592	17,520 0.6 %	2,691,241	2,554,474	136,767 5.4 %
<b>Total revenues</b>	<b>6,023,868</b>	<b>5,984,283</b>	<b>39,585 0.7 %</b>	<b>4,217,681</b>	<b>4,716,733</b>	<b>(499,052) (10.6)%</b>
<b>Expenses</b>						
Direct event	2,158,480	2,024,719	(133,761) (6.6)%	1,028,494	1,344,370	315,876 23.5 %
Operating and indirect event	1,721,647	1,833,901	112,254 6.1 %	1,615,408	1,620,589	5,181 0.3 %
Direct premium seating	412,556	398,286	(14,270) (3.6)%	103,763	99,078	(4,685) (4.7)%
<b>Total expenses</b>	<b>4,292,683</b>	<b>4,256,906</b>	<b>(35,777) (0.8)%</b>	<b>2,747,665</b>	<b>3,064,037</b>	<b>316,372 10.3 %</b>
<b>Net increase from arena operations</b>	<b>1,731,185</b>	<b>1,727,377</b>	<b>3,808 0.2 %</b>	<b>1,470,016</b>	<b>1,652,696</b>	<b>(182,680) (11.1)%</b>
<b>Housing Operations</b>						
<b>Revenues</b>						
Apartment rentals	6,662,118	7,051,916	(389,798) (5.5)%	7,065,667	6,947,136	118,531 1.7 %
Parking	518,194	518,194	- 0.0 %	259,097	259,097	- 0.0 %
Other	61,855	64,750	(2,895) (4.5)%	52,465	50,500	1,965 3.9 %
<b>Total revenues</b>	<b>7,242,167</b>	<b>7,634,860</b>	<b>(392,693) (5.1)%</b>	<b>7,377,229</b>	<b>7,256,733</b>	<b>120,496 1.7 %</b>
<b>Total expenses</b>	<b>2,838,749</b>	<b>3,548,045</b>	<b>709,296 20.0 %</b>	<b>2,751,732</b>	<b>3,154,366</b>	<b>402,634 12.8 %</b>
<b>Net increase from housing operations</b>	<b>4,403,418</b>	<b>4,086,815</b>	<b>316,603 7.7 %</b>	<b>4,625,497</b>	<b>4,102,367</b>	<b>523,130 12.8 %</b>
<b>Retail Operations</b>						
<b>Total revenues</b>	<b>822,725</b>	<b>834,262</b>	<b>(11,537) (1.4)%</b>	<b>827,349</b>	<b>845,337</b>	<b>(17,988) (2.1)%</b>
<b>Total expenses</b>	<b>286,515</b>	<b>286,537</b>	<b>22 0.0 %</b>	<b>199,203</b>	<b>291,765</b>	<b>92,562 31.7 %</b>
<b>Net increase from retail operations</b>	<b>536,210</b>	<b>547,725</b>	<b>(11,515) (2.1)%</b>	<b>628,146</b>	<b>553,572</b>	<b>74,574 13.5 %</b>
<b>Net increase from total operations</b>	<b>\$ 6,670,813</b>	<b>\$ 6,361,917</b>	<b>\$ 308,896 4.9 %</b>	<b>\$ 6,723,659</b>	<b>\$ 6,308,635</b>	<b>\$ 415,024 6.6 %</b>
<b>Debt Service</b>						
Total principal and interest payments July 1 through December 31	\$ 10,908,675			\$ 10,803,620		



**UCF Finance Corporation**  
**Statement of Operations**  
**As of December 31, 2013 (50% of year)**

	2013-14			2012-13		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Revenues</b>						
Operating	\$ -	\$ -	\$ -	\$ -	\$ -	0.0 %
University transfers	1,470,092	1,356,700	113,392	1,279,138	1,226,897	52,241
Interest	3,164	7,000	(3,836)	7,772	5,000	2,772
<b>Total revenues</b>	<b>1,473,256</b>	<b>1,363,700</b>	<b>109,556</b>	<b>1,286,910</b>	<b>1,231,897</b>	<b>55,013</b>
			8.0 %			4.5 %
<b>Expenses</b>						
Operating	101,017	21,052	(79,965)	83,777	17,552	(66,225)
Interest	1,245,264	1,209,000	(36,264)	1,067,141	1,065,400	(1,741)
Debt related	132,027	138,700	6,673	141,044	153,997	12,953
<b>Total expenses</b>	<b>1,478,308</b>	<b>1,368,752</b>	<b>(109,556)</b>	<b>1,291,962</b>	<b>1,236,949</b>	<b>(55,013)</b>
			(8.0)%			(4.4)%
<b>Net decrease from operations</b>	<b>\$ (5,052)</b>	<b>\$ (5,052)</b>	<b>\$ -</b>	<b>\$ (5,052)</b>	<b>\$ (5,052)</b>	<b>\$ -</b>

<b>Debt Service</b>	
Total principal and interest payments	\$ 2,242,141
July 1 through December 31	

**UCF Foundation, Inc.**  
**Statement of Operations**  
**As of December 31, 2013 (50% of year)**

	2013-14			2012-13		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Revenues</b>						
Unrestricted gifts, fees, and investment earnings	\$ 2,677,229	\$ 2,510,200	\$ 167,029	\$ 2,550,148	\$ 2,511,159	\$ 38,989
Real estate	954,423	923,200	31,223	1,004,571	1,250,481	(245,910)
Other	4,386,548	4,628,689	(242,141)	3,548,862	3,548,777	85
<b>Total revenues</b>	<b>8,018,200</b>	<b>8,062,089</b>	<b>(43,889)</b>	<b>7,103,581</b>	<b>7,310,417</b>	<b>(206,836)</b>
<b>Expenses</b>						
Academic and university support	512,390	516,423	4,033	560,319	554,900	(5,419)
Development, alumni relations, and operations	6,076,149	6,317,551	241,402	5,447,187	5,473,800	26,613
<b>Total expenses</b>	<b>6,588,539</b>	<b>6,833,974</b>	<b>245,435</b>	<b>6,007,506</b>	<b>6,028,700</b>	<b>21,194</b>
<b>Net increase from total operations</b>	<b>\$ 1,429,661</b>	<b>\$ 1,228,115</b>	<b>\$ 201,546</b>	<b>\$ 1,096,075</b>	<b>\$ 1,281,717</b>	<b>\$ (185,642)</b>
<b>Debt Service</b>						
Total principal and interest payments	\$ 1,974,437			\$ 1,842,644		
July 1 through December 31						

**UCF Research Foundation  
Statement of Operations  
As of December 31, 2013 (50% of year)**

	2013-14			2012-13		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Revenues</b>						
Royalties, contracts, contributions, etc.	\$ 2,118,808	\$ 2,053,485	\$ 65,324 3.2%	\$ 1,998,019	\$ 2,451,550	\$ (453,531) -18.5%
Other	95,132	97,895	(2,763) -2.8%	99,839	125,500	(25,661) -20.4%
<b>Total revenues</b>	<b>2,213,940</b>	<b>2,151,380</b>	<b>62,561 2.9%</b>	<b>2,097,857</b>	<b>2,577,050</b>	<b>(479,192) -18.6%</b>
<b>Expenses</b>						
<b>Total operating expenses</b>	<b>2,136,633</b>	<b>2,043,007</b>	<b>(93,626) -4.6%</b>	<b>2,041,569</b>	<b>2,476,858</b>	<b>435,290 17.6%</b>
<b>Net increase from operations</b>	<b>\$ 77,307</b>	<b>\$ 108,372</b>	<b>\$ (31,065) -28.7%</b>	<b>\$ 56,289</b>	<b>\$ 100,191</b>	<b>\$ (43,903) -43.8%</b>

ITEM: INFO-2

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** UCF Golden Knights Corporation and UCF Athletic Association 2013-14  
Second-Quarter Financial Report Presentation

**DATE:** April 3, 2014

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For information only.



***GO KNIGHTS!***  
***CHARGE ON!***

# Program History

1970-71	Men's basketball becomes first NCAA varsity team - Division II
1979-80	Football Program begins - Division III
1984-85	UCF Athletics moves to NCAA Division I (Independent)
1996-97	UCF Football moves to Division I FBS (football bowl subdivision)
2003-04	UCF Athletics becomes UCF Athletics Association, Inc. UCFAA obtained line of credit for facility improvements
2005-06	UCF created Golden Knights Corporation and issued \$64 million in bonds to construct football stadium.
2013-14	UCF Athletics becomes member of American Athletic Conference - BCS automatic qualifier

# Program Highlights

1978-79	Women's Volleyball wins AIAW National Championship (55-0)
2002-03	Cheerleading wins UCA National Championship
2005-06	Football competes in first bowl game - Sheraton Hawaii Bowl
2006-07	Cheerleading wins second UCA National Championship
2007-08	Football begins competing in Bright House Networks Stadium Basketball programs begin competing in CFE Arena Football wins first conference championship
2010-11	Football wins first bowl game - Liberty Bowl (10-6 vs. Georgia)
2012-13	Aurieyall Scott wins UCF's first NCAA Championship (Women's Indoor Track 60 meters)
2013-14	Football wins first AAC Championship Football competes in and wins first BCS Bowl - Tostitos Fiesta Bowl (52-42 vs. Baylor)



# Conference Membership

1975-84	Sunshine State Conference - Division II
1984-85	UCF moves to Division I (Independent)
1986-90	New South Women's Athletic Conference - women's programs
1990-91	American South Conference (football Independent)
1991-92	Sun Belt Conference (football Independent)
1992-05	Trans America Athletic Conference (Atlantic Sun) – all sports except football
2002-05	Mid-American Conference (football only)
2005-13	Conference USA (all sports)
2013-Present	American Athletic Conference (all sports)



UCF Board of Directors  
UCF President  
John C. Hitt

CEO  
UCF Foundation  
Robert Holmes

Vice President  
Director of Athletics  
Todd Stansbury

Chief Compliance and  
Ethics Officer  
Rhonda Bishop

Assistant Vice Pres.  
Athletics Dvlpmt.  
Mark Wright

Sr. Associate A.D.  
External Operations  
Zack Lassiter

Sr. Associate A.D.  
CFO  
Brad Stricklin

Sr. Associate A.D.  
Internal Operations  
David Hansen

Sr. Associate A.D.  
Student Services  
Jessica Reo

Assistant A.D.  
Compliance  
Courtney Vinson

Major Gifts  
Annual Fund

Communications  
Video Services  
Community Relations  
Fan Development  
Tickets  
IMG  
Spirit Program

Business and Finance  
Human Resources  
Information Technology

Equipment Operations  
Facilities and Event Operations  
M. Soccer  
Softball

Acad. Services for Student Athletes  
Sports Medicine  
Strength and Conditioning  
Student Services



W. Basketball  
W. Soccer

M. & W. Golf  
W. Volleyball

Football  
M. Basketball  
Baseball

W. Rowing  
M. & W. Tennis  
W. T&F/CC

# UCFAA Board of Directors

Mr. David Albertson  
President, UCFAA, Inc.

Mr. Todd Bowers

Dr. William "Bill" Callarman

Ms. Afia Charles

Mr. Jordan Clark

Dr. Manoj Chopra

Mr. Robert A. Garvy

Mr. Michael "Micky" Grindstaff

John C. Hitt  
Chairman, UCFAA, Inc.

Ms. Phyllis Klock

Mr. William "Bill" Merck  
Secretary & Treasurer, UCFAA, Inc

Mr. Anthony "Tony" Nicholson

Dr. Richard Nunis

Mr. John Pittman

Mr. Jerry Roth

Mr. Todd Stansbury  
Executive Vice President, UCFAA, Inc.

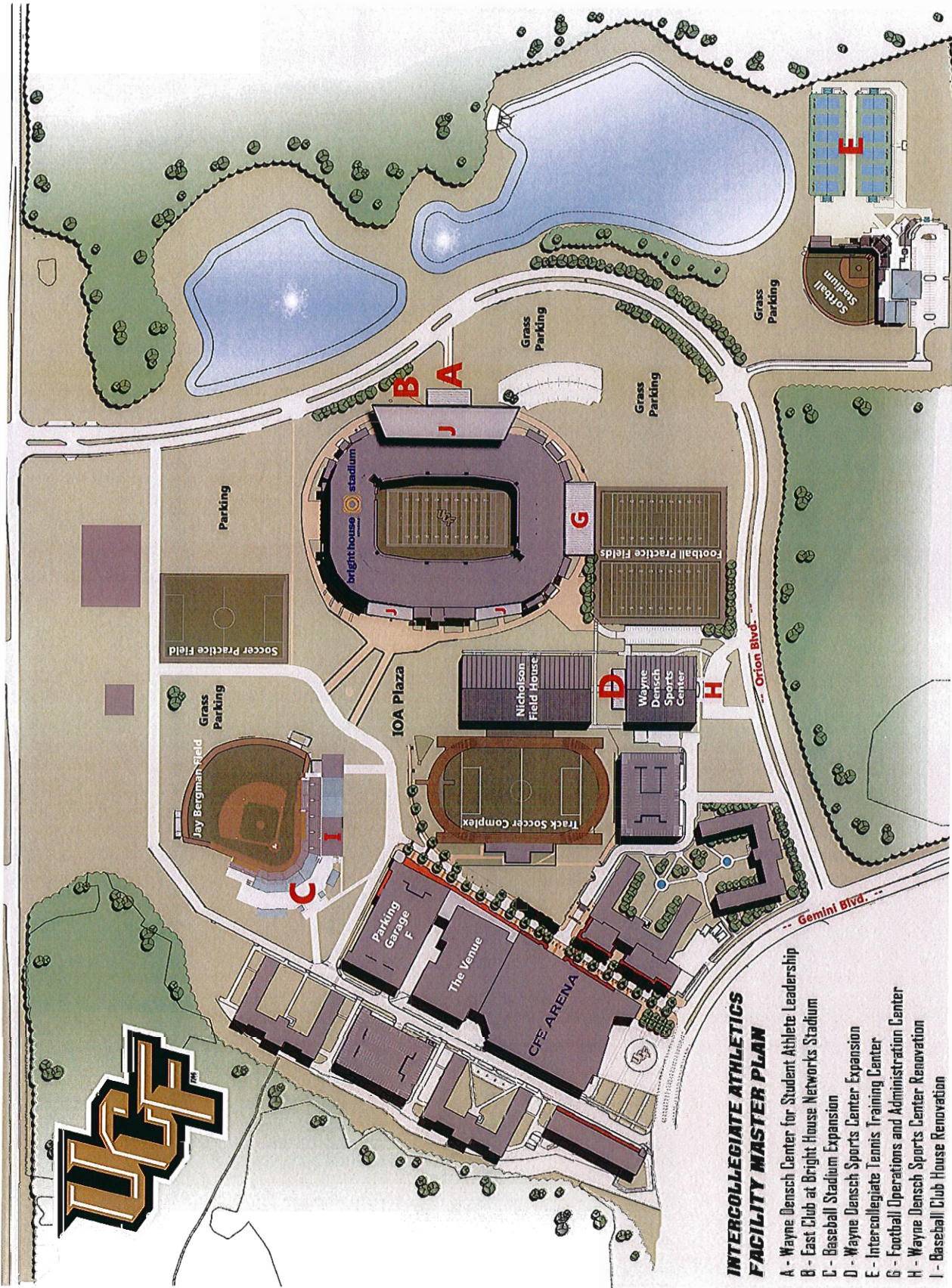
# UCF ATHLETICS FACILITY MASTER PLAN

Map	Project Description	Est. Cost	Contractor/Design
A	<b>Wayne Densch Center for Student Athlete Leadership:</b> Academic support and leadership development for all student-athletes. Home of Leadership Institute.	\$ 5,875,000	Wharton Smith / 360 Architecture
B	<b>BHNS East Open-Air Club:</b> Open-air-themed deck on intermediate mezzanine level of BHNS. Capacity 800-1,000.	\$ 2,500,000	Wharton Smith
C	<b>Baseball Stadium Expansion - Phase I:</b> 1,021 new bleacher seats on first-base side of stadium. Rest room expansion.	\$ 620,000	Skanska & DLR Group
	<b>Baseball Stadium Expansion - Phase II:</b> New broadcast and media facility, 240-seat premium seating deck, enhanced entry, replace chair backs on 100 level and stadium audio upgrades.	\$ 2,500,000	
D	<b>Wayne Densch Sports Center Expansion:</b> Additional meeting, office, work, storage, and rest room space.	\$ 850,000	Facilities Improvement Project
E	<b>Tennis Training Center:</b> 12 championship caliber outdoor concrete courts. Expand Softball Clubhouse to accommodate Men's and Women's Tennis.	\$ 1,500,000	

F	<b>Intercollegiate Golf Training Center:</b> New facility comprised of short-game area, clubhouse and driving range. Contingent on Twin Rivers buy-out.		
G	<b>Football Operations and Administration Building:</b> Locker rooms, coaches offices, meeting rooms, weight room, training room, and equipment storage. Office space for administration and support units. May include premium seating on top level.	\$ 17,000,000	
H	<b>Wayne Densch Sports Center Renovation:</b> Convert football operations space for use by Olympic sports (Men's and Women's Soccer, Track, and Rowing)	\$ 750,000	
I	<b>Baseball Clubhouse Renovation:</b> Renovate field, convert remaining bench seats to chairbacks, lighting upgrades, team lounge and locker room.	\$ 1,000,000	
J	<b>Bright House Networks Stadium Expansion - Phase I:</b> Expand west-side Roth Tower to include suites, lounge and club space, and expanded operational booths.	TBD	
	<b>Bright House Networks Stadium Expansion - Phase II:</b> Expand general seating capacity to 56,000 by adding 10,000 seats to east side.	TBD	

3/20/2014





# **INTERCOLLEGIATE ATHLETICS FACILITY MASTER PLAN**

- A - Wayne Densch Center for Student Athlete Leadership
- B - East Club at Bright House Networks Stadium
- C - Baseball Stadium Expansion
- D - Wayne Densch Sports Center Expansion
- E - Intercollegiate Tennis Training Center
- G - Football Operations and Administration Center
- H - Wayne Densch Sports Center Renovation
- I - Baseball Club House Renovation



# INTERCOLLEGIATE ATHLETICS FACILITY INVENTORY

Project Description	Bldg. #	Location	Sports	Capacity	Opened	Cost
Track and Soccer Stadium	143	Main Campus - NE Quadrant	W Track, M Soccer, W Soccer	1,500	2010	\$1,126,834
Rowing Center at Lake Pickett	909	Lake Pickett, Orange County	W Rowing	--	Nov. 2008	\$2,811,989
The Venue at The UCF Arena	50	Main Campus - NE Quadrant	M&W BB, W VB, M&W Soccer, W Track	1,500	2007	\$4,267,000
UCF Arena	50	Main Campus - NE Quadrant	M Basketball, W Basketball	10,000	Aug. 2007	\$75,733,000
Bright House Networks Stadium	135	Main Campus - NE Quadrant	Football	45,349	Sept. 2007	\$63,124,444 (1)
Golf Center at Twin Rivers		Twin Rivers GC, Oviedo	M Golf, W Golf	--	Jun. 2007	\$975,000
Football Practice Fields		Main Campus - NE Quadrant	Football	--	Aug. 2006	\$958,414
Softball Complex	125	Main Campus - NE Quadrant	Softball	600	Jun. 2006	\$3,800,870
Soccer Practice Field		Main Campus - NE Quadrant	M Soccer, W Soccer	--	Aug. 2006	\$452,142
Nicholson Field House	128	Main Campus - NE Quadrant	Football	--	Jun. 2005	\$5,500,000
Wayne Densch Sports Center	77	Main Campus - NE Quadrant	Football	--	Aug. 2004	\$5,100,000
UCF Tennis Courts (9)		Main Campus - South Side	M Tennis, W Tennis	--	2002	\$740,000
Jay Bergman Field (Baseball)	82	Main Campus - NE Quadrant	Baseball	3,600	Jan. 2001	\$4,150,859 (2)
Original UCF Arena	50	Main Campus - NE Quadrant	M&W BB, W VB	5,100	1991	\$11,087,382
Track and Soccer Complex	142	Main Campus - NE Quadrant	W Track, M Soccer, W Soccer	--	1991	\$350,000
Wayne Densch Sports Center	38	Main Campus - South Side	Administration & support units	--	1986	\$1,342,018 (3)
Wayne Densch Sports Center	39	Main Campus - South Side	Administration & support units	--	1983	\$881,820 (3)
						\$ 182,401,772

(1) Cost includes all financing and bond issuance expense and all gap and infrastructure projects (excluding football and soccer practice fields).

(2) Includes new scoreboard installed in 2008, chairback seats installed in 2009, and 1,021 additional seats installed 2012.

(3) Numerous renovations have been made to both buildings since they opened, including most recently \$220,000 to provide additional academic support space and new offices for the Athletics Development and Sales staff.

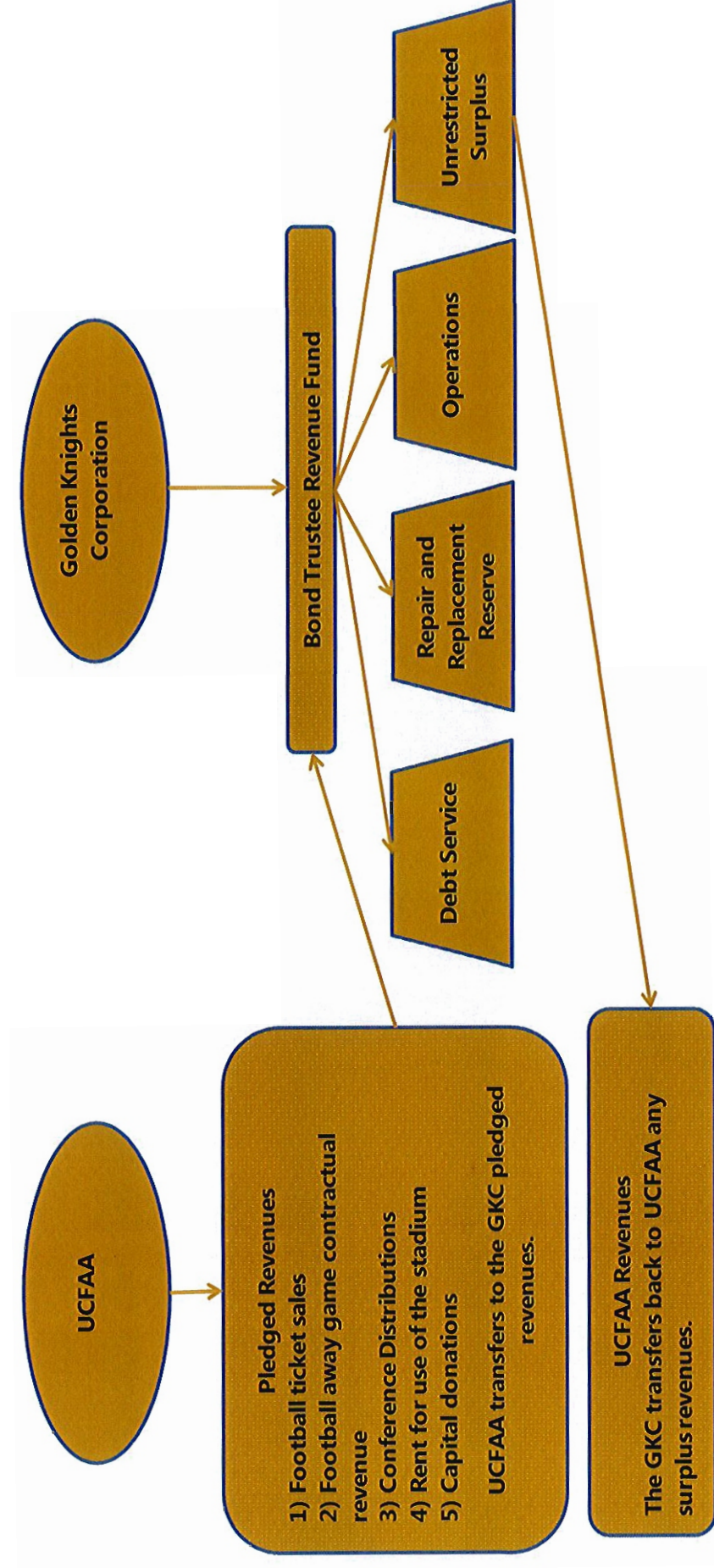


# Debt Obligations

- Loans from the University of Central Florida
  - Upgrade operations of UCFAA
  - \$10,705,568
- Construction line of credit – Fifth Third Bank
  - Construction of facilities:
    - Softball, rowing, golf and renovations to soccer and track, and baseball
  - \$6,775,000
- Operating Line of credit – Fifth Third Bank
  - Cash flow timing issues
  - \$2,000,000 (rests at \$0 in June and occasionally throughout the year)
- Lake Pickett Land – SunTrust Bank
  - Land where boathouse was built for women's rowing
  - \$120,234
- Bright House Networks Stadium
  - Debt not on UCFAA books, but must ensure debt service and operations are funded
  - \$53,570,000



# UCFAA and Golden Knights Corporation Cash Flow



# Financial Overview – Past

## Sources of Funds:

	<u>Actuals</u> <u>2008-09</u>	<u>Actuals</u> <u>2009-10</u>	<u>Actuals</u> <u>2010-11</u>	<u>Actuals</u> <u>2011-12</u>	<u>Actuals</u> <u>2012-13</u>	<u>\$ Increase/</u> <u>(Decrease)</u>
Student athletic fee	\$ 15,614,184	\$ 17,466,918	\$ 18,818,806	\$ 19,638,714	\$ 20,127,940	\$ 4,513,756
Ticket sales	6,093,460	5,533,196	4,330,053	4,346,257	3,843,969	(2,249,491)
Guarantees	946,629	405,090	660,775	1,108,461	1,082,801	136,172
Sponsorships	1,943,694	2,248,461	2,768,467	2,875,720	2,943,672	999,978
Contributions	2,545,615	2,151,388	1,978,556	2,257,023	2,032,006	(513,609)
NCAA and Conference	2,868,957	3,105,869	3,014,185	2,902,090	2,466,547	(402,410)
Other	1,068,060	936,975	945,189	1,658,314	1,005,477	(62,583)
Tuition waivers	1,871,497	1,888,526	2,045,447	1,979,616	1,899,438	27,941
<b>Total Sources of Funds</b>	<b>\$ 32,952,096</b>	<b>\$ 33,736,424</b>	<b>\$ 34,561,477</b>	<b>\$ 36,766,195</b>	<b>\$ 35,401,850</b>	<b>\$ 2,449,754</b>

## Uses of Funds:

Scholarships	\$ 5,707,700	\$ 5,898,602	\$ 6,385,821	\$ 6,507,365	\$ 6,606,464	898,764
Employee Comp - Sports	6,524,188	6,938,362	7,982,835	8,249,976	8,442,100	1,917,912
Employee Comp - Admin	6,090,931	5,615,366	5,638,133	5,733,034	6,115,018	24,088
Sport operations	5,257,688	5,232,378	5,672,103	5,982,299	6,353,966	1,096,278
Support operations	6,384,168	6,004,167	5,979,587	6,482,363	5,947,134	(437,034)
Non-recurring operations	1,290,950	577,215	680,220	786,999	537,297	(753,653)
Debt service	408,159	1,418,305	1,199,132	456,848	817,152	408,993
Net transfers - FB Stadium	1,392,210	1,909,985	1,481,890	2,355,486	1,547,836	155,626
<b>Total Uses of Funds</b>	<b>\$ 33,055,994</b>	<b>\$ 33,594,381</b>	<b>\$ 35,019,721</b>	<b>\$ 36,554,370</b>	<b>\$ 36,366,968</b>	<b>\$ 3,310,975</b>
<b>Net Surplus(Deficit)</b>	<b>\$ (103,898)</b>	<b>\$ 142,043</b>	<b>\$ (458,243)</b>	<b>\$ 211,825</b>	<b>\$ (965,118)</b>	<b>\$ (1,173,391)</b>



# Challenges Affecting Operations

- Student Credit Hours
- Television Rights
- Young Alumni Base
- Coach and Staff Retention
- Facility Improvements
- Debt Service



# Financial Projections

	Actuals 2012-13	Projected Actuals 2013-14	Projected Budget 2014-15	Projected Budget 2015-16	Projected Budget 2016-17	Projected Budget 2017-18
<b>Sources of Funds:</b>						
Student athletic fee	\$ 20,127,940	\$ 19,950,000	\$ 21,033,589	\$ 21,740,556	\$ 22,654,171	\$ 23,588,606
Ticket sales	3,843,969	4,876,334	4,469,725	4,514,500	4,720,540	5,133,386
Guarantees	1,082,801	817,000	2,620,000	620,000	1,820,000	1,220,000
Sponsorships	2,943,672	3,058,673	3,195,184	3,340,669	3,490,522	3,645,174
Contributions	2,032,006	1,890,141	2,015,898	2,216,693	2,437,528	2,680,404
NCAA and Conference	2,466,547	6,283,932	4,120,657	4,067,870	4,158,516	4,221,027
Other athletics revenues	1,105,477	893,195	902,767	850,488	852,731	855,496
Tuition waivers	1,899,438	1,926,775	2,119,800	2,225,790	2,337,080	2,453,934
<b>Total Sources of Funds</b>	<b>\$ 35,501,850</b>	<b>\$ 39,696,050</b>	<b>\$ 40,477,619</b>	<b>\$ 39,576,566</b>	<b>\$ 42,471,088</b>	<b>\$ 43,798,027</b>

## Uses of Funds:

Scholarships	\$ 6,606,464	\$ 6,748,750	\$ 7,681,309	\$ 7,956,376	\$ 8,241,926	\$ 8,538,386
Employee compensation	14,657,118	15,786,050	16,594,345	17,353,655	18,144,440	18,967,905
Sport operations	6,353,966	6,280,765	7,493,719	6,497,350	6,629,534	6,765,389
Support operations	5,947,134	6,649,650	6,658,139	6,796,102	6,937,059	7,081,079
Non-recurring operations	537,297	1,123,616	910,000	910,000	935,000	760,000
Debt service	817,152	750,000	775,000	810,875	876,475	877,375
Net transfers - FB Stadium	1,547,836	1,844,250	1,862,839	1,895,192	1,932,148	1,967,336
<b>Total Uses of Funds</b>	<b>\$ 36,466,967</b>	<b>\$ 39,183,080</b>	<b>\$ 41,975,351</b>	<b>\$ 42,219,550</b>	<b>\$ 43,696,583</b>	<b>\$ 44,957,470</b>
<b>Net Surplus (Shortfall)</b>	<b>\$ (965,116)</b>	<b>\$ 512,970</b>	<b>\$ (1,497,731)</b>	<b>\$ (2,642,984)</b>	<b>\$ (1,225,496)</b>	<b>\$ (1,159,443)</b>



# Future Opportunities

- Sponsorship Rights
- Digital Network
- East Side Club
- Growing Alumni Base
- Neutral Site Football Games



ITEM: INFO-3

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** University and DSO Debt Report

**DATE:** April 3, 2014

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For information only.

# University and DSO Debt

By Entity

As of December 31, 2013

University	Debt Outstanding		Total	Debt Service 2014	Sources of Payment
	Fixed	Variable			
Bookstore - revenue bonds	\$ 1,035,000	\$ -	\$ 1,035,000	\$ 292,921	Auxiliary interest, bookstore commissions
Health Center - revenue bonds	5,200,000	-	5,200,000	616,530	Health fees
Parking - revenue bonds	40,845,000	-	40,845,000	5,113,083	Transportation access fees, decals, fines
Housing - revenue bonds	105,415,000	-	105,415,000	7,971,370	Room rents
Total University	152,495,000	-	152,495,000	13,993,904	
UCF Hospitality School Student Housing Foundation					
Housing - revenue bonds	13,785,000	-	13,785,000	1,454,127	Total project revenues
UCF Convocation Corporation					
Housing and retail revenue COPs	117,405,000	-	117,405,000	9,000,549	Total project revenues
Arena and retail revenue COPs	94,670,000	-	94,670,000	7,203,891	Total project revenues
Total UCF Convocation Corporation	212,075,000	-	212,075,000	16,204,440	
Golden Knights Corporation					
Stadium revenue COPs	41,700,000	11,870,000	53,570,000	3,172,368	Stadium revenues, university resources
UCF Finance Corporation					
Burnett Biomedical Research facility bonds	55,380,000	-	55,380,000	3,746,499	Sponsored programs
UCF Athletics Association					
Due to university (principal only)		10,705,568	10,705,568	325,000	UCFAA and stadium restricted surplus funds
SunTrust	120,234	-	120,234	45,637	UCFAA revenues, pledge payments
Fifth Third lines of credit		7,505,000	7,505,000	375,000	UCFAA revenues and Title IX funds
Total UCF Athletics Association	120,234	18,210,568	18,330,802	745,637	
UCF Foundation					
SunTrust	-	1,695,000	1,695,000	1,737,587	Property rentals, pledge revenues
Benton and Cole Trusts	1,968,351	-	1,968,351	142,500	Property rentals, pledge revenues
Fairwinds	323,425	-	323,425	180,299	Property rentals, pledge revenues
BB&T	26,085,000	-	26,085,000	2,747,819	Property rentals, pledge revenues
Total UCF Foundation	28,376,776	1,695,000	30,071,776	4,808,205	
Total University and DSO Debt	\$ 503,932,010	\$ 31,775,568	\$ 535,707,578	\$ 44,125,180	

<sup>1</sup> The university housing auxiliary is responsible for the Rosen Foundation debt service. The debt has a fixed-rate interest swap.

<sup>2</sup> These bonds have a synthetic fixed-rate interest swap.

## Lines of Credit

	Maximum Amount	Outstanding	Available
UCF Athletics Association			
Fifth Third lines of credit	8,775,000	7,505,000	1,270,000

## Variable Rate Debt

	Outstanding	Rate
Golden Knights Corporation - COPs	\$ 11,870,000	1.14%
UCF Athletics Association		
Fifth Third lines of credit	7,505,000	2.17%-1.45%
University loan	10,705,568	1.86%
UCF Foundation		
SunTrust	1,695,000	3.30%
Total variable debt outstanding	\$ 31,775,568	

ITEM: INFO-4

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** 2012-13 Audited Financial Statements

**DATE:** April 3, 2014

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For information only.

# UNIVERSITY OF CENTRAL FLORIDA

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## Financial Audit

For the Fiscal Year Ended  
June 30, 2013



STATE OF FLORIDA  
AUDITOR GENERAL  
DAVID W. MARTIN, CPA



## BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2012-13 fiscal year are listed below:

Michael J. Grindstaff, Chair (1)  
Olga M. Calvet, Vice Chair  
James Atchison  
Dr. Ida J. Cook to 4-17-13 (2)  
Meg G. Crofton to 2-1-13 (3)  
Richard T. Crotty  
Alan S. Florez  
Robert A. Garvy  
Ray Gilley  
Marcos R. Marchena  
Dr. Reid Oetjen from 4-18-13 (2)  
Harris Rosen to 3-27-13 (1)  
Beverly J. Seay from 3-28-13  
John R. Sprouls  
Melissa Westbrook from 5-9-13 (4)  
Cortez Whatley to 5-8-13 (4)

Dr. John C. Hitt, President

Notes: (1) Board members served beyond the end of their term, January 6, 2013.  
(2) Faculty Senate Chair.  
(3) Board member resigned on February 1, 2013, and position remained vacant through June 30, 2013.  
(4) Student body president.

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 audit team leader was Jeffrey L. Cardinali, CPA, and the audit was supervised by Brenda C. Racis, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at [jimstultz@aud.state.fl.us](mailto:jimstultz@aud.state.fl.us) or by telephone at (850) 412-2869.

This report and other reports prepared by the Auditor General can be obtained on our Web site at [www.myflorida.com/audgen](http://www.myflorida.com/audgen); by telephone at (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

UNIVERSITY OF CENTRAL FLORIDA  
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## EXECUTIVE SUMMARY

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### Summary of Report on Financial Statements

Our audit disclosed that the University's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

### Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 determine whether the University of Central Florida and its officers with administrative and stewardship responsibilities for University operations had:

- Presented the University's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the University's basic financial statements as of and for the fiscal year ended June 30, 2013. We obtained an understanding of the University's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also 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

The methodology used to develop the findings in this report included the examination of pertinent University records in connection with the application of procedures required by 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.



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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



PHONE: 850-412-2722  
FAX: 850-488-6975

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the University of Central Florida, 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, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the blended and aggregate discretely presented component units, as described in note 1 to the financial statements. The financial statements for the blended component units represent 0.7 percent, 0.3 percent, and 0.003 percent, respectively, of the assets, net position, and revenues, reported for the University of Central Florida. The financial statements of the aggregate discretely presented component units represent 100 percent of the transactions and account balances of the discretely presented component units' columns. The financial statements of the blended and aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as they relate to the amounts included for the blended and aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Central Florida and of its aggregate discretely presented component units as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

### *Other Matter*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN, and NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the University of Central Florida'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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Central Florida's internal control over financial reporting and compliance.

Respectfully submitted,



David W. Martin, CPA  
Tallahassee, Florida  
March 4, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The 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, 2013, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. 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, 2013, and June 30, 2012.

### OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the University's financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component units. These component units include:

- Blended Component Units
  - UCF Finance Corporation
  - University of Central Florida College of Medicine Self-Insurance Program
- Discretely Presented Component Units
  - University of Central Florida Foundation, Inc.
  - University of Central Florida Research Foundation, Inc.
  - UCF Athletics Association, Inc.
  - UCF Convocation Corporation
  - Golden Knights Corporation
  - Central Florida Clinical Practice Organization, Inc.

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

### FINANCIAL HIGHLIGHTS

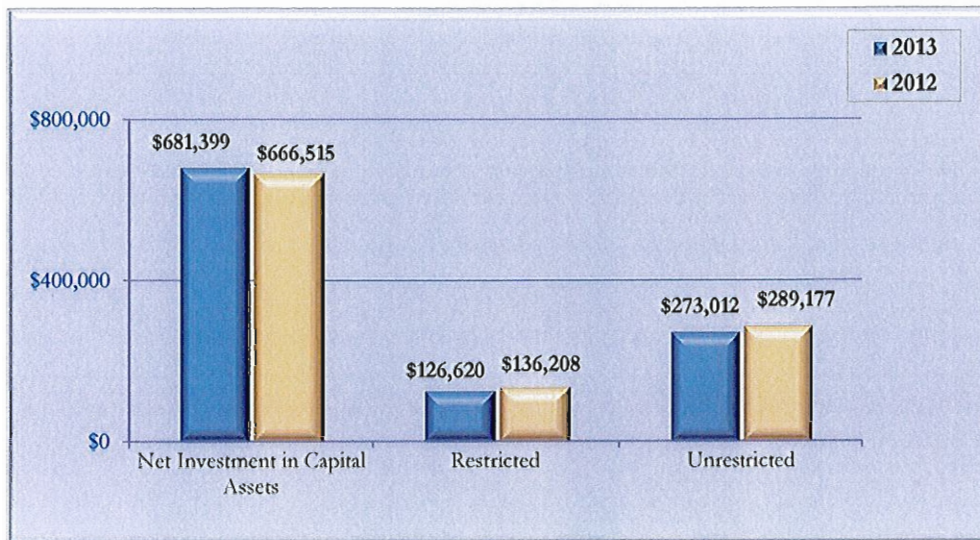
The University's assets totaled \$1.4 billion at June 30, 2013. This balance reflects a \$2.2 million, or 0.2 percent, decrease as compared to June 30, 2012. The decrease is a result of the reclassification of accumulated decreases in the fair value of an interest rate swap agreement in accordance with new accounting guidance. These accumulated decreases in fair value at June 30, 2013 are reflected in the University's "Deferred Outflow of Resources" totaling \$11.6 million. Liabilities increased by \$20.3 million, or 5.6 percent, totaling \$378.8 million at June 30, 2013, as compared to \$358.5 million at June 30, 2012. The primary reason for the increase was a \$14.2 million increase related to the construction and improvement of classrooms, student housing, and a parking garage. As a result, the University's net position decreased by \$10.9 million, resulting in a year-end balance of \$1.1 billion.

The University's operating revenues totaled \$435.5 million for the 2012-13 fiscal year, representing a 4.3 percent increase over the 2011-12 fiscal year due primarily to an increase in net student tuition and fees. Operating expenses totaled \$775.3 million for the 2012-13 fiscal year, representing a slight increase of 2 percent over the 2011-12 fiscal

year. Net nonoperating revenues totaled \$318.6 million for the 2012-13 fiscal year, representing a 5.9 percent decrease from the 2011-12 fiscal year due primarily to a decrease in State noncapital appropriations, offset by a decrease in other nonoperating expenses.

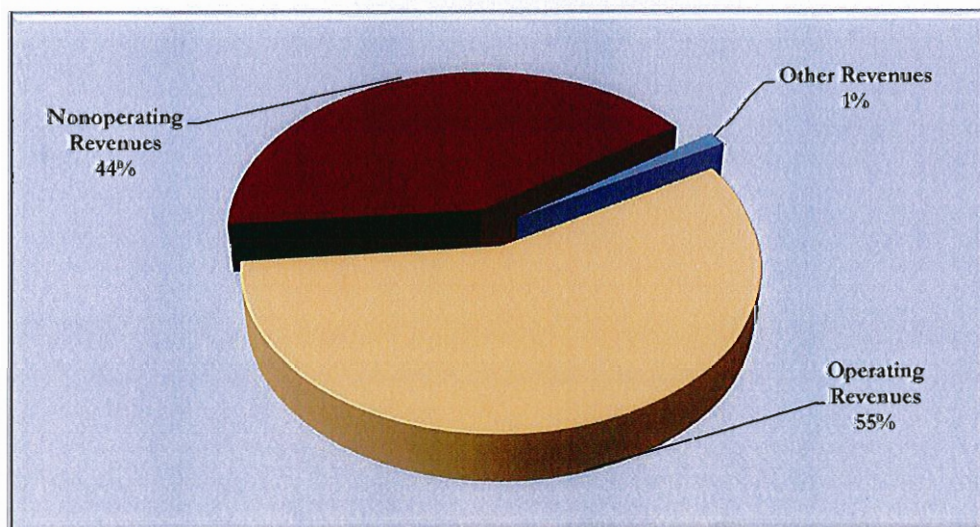
Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities. The University's comparative total net position by category for the fiscal years ended June 30, 2013, and June 30, 2012, is shown in the following graph:

**Net Position  
(In Thousands)**



The following chart provides a graphical presentation of University revenues by category for the 2012-13 fiscal year:

**Total Revenues**



#### THE STATEMENT OF NET POSITION

The statement of net position reflects the assets, deferred outflows of resources, and liabilities 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, 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, and net position at June 30:

**Condensed Statement of Net Position at June 30**  
**(In Thousands)**

	2013	2012
<b>Assets</b>		
Current Assets	\$ 468,619	\$ 485,149
Capital Assets, Net	869,179	829,362
Other Noncurrent Assets	110,416	135,908
<b>Total Assets</b>	<b>1,448,214</b>	<b>1,450,419</b>
<b>Deferred Outflows of Resources</b>	<b>11,583</b>	
<b>Liabilities</b>		
Current Liabilities	79,606	66,028
Noncurrent Liabilities	299,160	292,491
<b>Total Liabilities</b>	<b>378,766</b>	<b>358,519</b>
<b>Net Position</b>		
Net Investment in Capital Assets	681,399	666,515
Restricted	126,620	136,208
Unrestricted	273,012	289,177
<b>Total Net Position</b>	<b>\$ 1,081,031</b>	<b>\$ 1,091,900</b>

Capital assets, net, increased by \$39.8 million primarily due to an increase in construction work in progress, buildings, and furniture and equipment, offset by current year depreciation. The University adopted GASB Statement No. 63 in the 2012-13 fiscal year. As a result, accumulated decreases in fair value of hedging derivatives related to an interest rate swap agreement, used to manage the risk of rising interest rates on variable rate-based debt, are now presented separately on the statement of net position under the caption deferred outflows of resources. Prior to adoption, these accumulated decreases in fair value were included as a component of other noncurrent assets, and the amount at June 30, 2012, was \$17.5 million.

**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 2012-13 and 2011-12 fiscal years:

**Condensed Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Years  
(In Thousands)**

	2012-13	2011-12
Operating Revenues	\$ 435,463	\$ 417,401
Less, Operating Expenses	<u>775,254</u>	<u>760,403</u>
<b>Operating Loss</b>	(339,791)	(343,002)
Net Nonoperating Revenues	<u>318,630</u>	<u>338,479</u>
<b>Loss Before Other Revenues, Expenses, Gains, or Losses</b>	(21,161)	(4,523)
Other Revenues	<u>10,292</u>	<u>8,546</u>
<b>Net Increase (Decrease) in Net Position</b>	(10,869)	4,023
Net Position, Beginning of Year	<u>1,091,900</u>	<u>1,087,877</u>
<b>Net Position, End of Year</b>	<u><u>\$ 1,081,031</u></u>	<u><u>\$ 1,091,900</u></u>

### 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 up or receives something of equal or similar value.

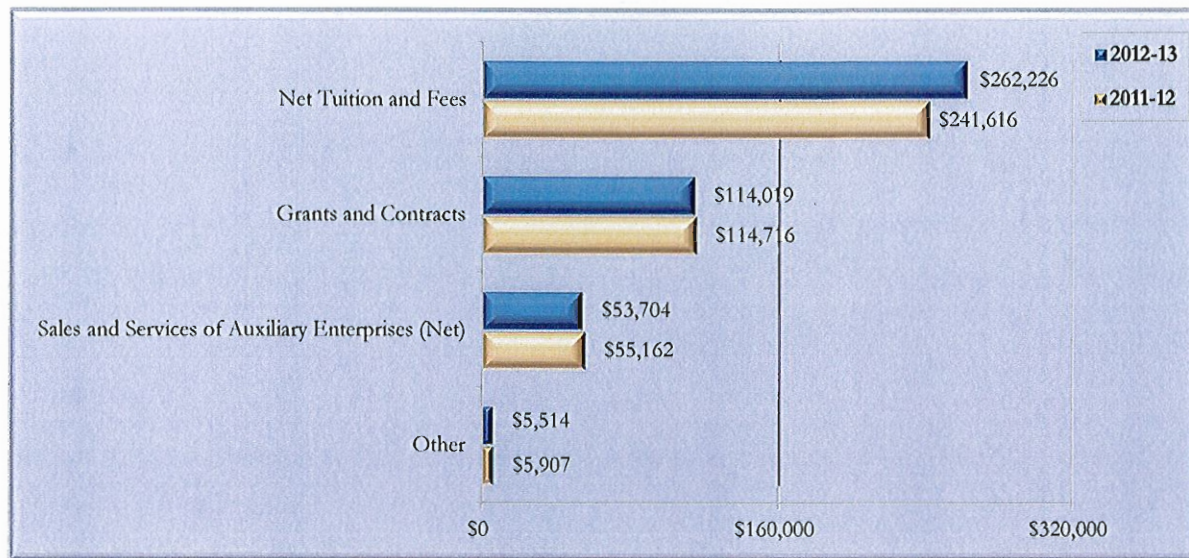
The following summarizes the operating revenues by source that were used to fund operating activities for the 2012-13 and 2011-12 fiscal years:

<b>Operating Revenues (In Thousands)</b>		
	2012-13	2011-12
Net Tuition and Fees	\$ 262,226	\$ 241,616
Grants and Contracts	114,019	114,716
Sales and Services of Auxiliary Enterprises (Net)	53,704	55,162
Other	<u>5,514</u>	<u>5,907</u>
<b>Total Operating Revenues</b>	<u><u>\$ 435,463</u></u>	<u><u>\$ 417,401</u></u>

The following chart presents the University's operating revenues for the 2012-13 and 2011-12 fiscal years:



**Operating Revenues  
(In Thousands)**



Total operating revenues increased \$18.1 million or 4.3 percent. Net student tuition and fees increased \$20.6 million, or 8.5 percent. The increase was due to an increase in the University's tuition and fee rates.

**Operating Expenses**

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

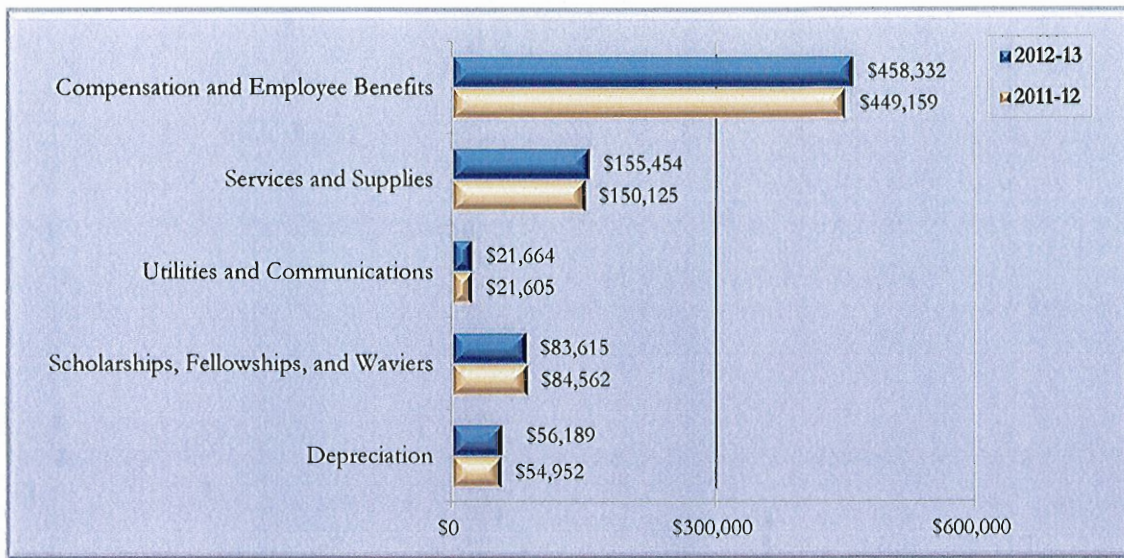
The following summarizes the operating expenses by natural classifications for the 2012-13 and 2011-12 fiscal years:

**Operating Expenses  
For the Fiscal Years  
(In Thousands)**

	2012-13	2011-12
Compensation and Employee Benefits	\$ 458,332	\$ 449,159
Services and Supplies	155,454	150,125
Utilities and Communications	21,664	21,605
Scholarships, Fellowships, and Waivers	83,615	84,562
Depreciation	56,189	54,952
<b>Total Operating Expenses</b>	<b>\$ 775,254</b>	<b>\$ 760,403</b>

The following chart presents the University's operating expenses for the 2012-13 and 2011-12 fiscal years:

**Operating Expenses  
(In Thousands)**



Operating expenses totaled \$775.3 million for the 2012-13 fiscal year. This represents a \$14.9 million or 2 percent increase over the 2011-12 fiscal year. The increase in compensation and employee benefits of \$9.2 million, or 2 percent, was primarily due to an increase in salaries of \$9.3 million and health care contributions of \$2.4 million, which were partially offset by a decrease in retirement contributions of \$2.8 million. Services and supplies increased \$5.3 million, or 3.5 percent, primarily as a result of an increase in the cost of student shuttle services and the purchase of a public broadcasting license.

### 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 2012-13 and 2011-12 fiscal years:

**Nonoperating Revenues (Expenses)  
(In Thousands)**

	2012-13	2011-12
State Noncapital Appropriations	\$ 195,589	\$ 245,359
Federal and State Student Financial Aid	135,539	138,119
Investment Income	10,142	8,843
Other Nonoperating Revenues	9,413	8,021
Loss on Disposal of Capital Assets	(489)	(121)
Interest on Capital Asset-Related Debt	(8,402)	(8,187)
Other Nonoperating Expenses	(23,162)	(53,555)
<b>Net Nonoperating Revenues</b>	<b>\$ 318,630</b>	<b>\$ 338,479</b>

Net nonoperating revenues decreased by \$19.8 million, or 5.9 percent, primarily due to a decrease in State noncapital appropriations of \$49.8 million. This was offset by a decrease in other nonoperating expenses of \$30.4 million related

to a one-time adjustment in the prior year of \$18.7 million to write off previously capitalized assets and other non-recurring expenditures recognized in the prior year.

### Other Revenues, Expenses, Gains, or Losses

This category is mainly composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues, expenses, gains, or losses for the 2012-13 and 2011-12 fiscal years:

Other Revenues, Expenses, Gains, or Losses (In Thousands)		
	2012-13	2011-12
State Capital Appropriations	\$ 8,410	\$ 5,000
Capital Grants, Contracts, Donations, and Fees	1,882	3,546
<b>Total</b>	<b>\$ 10,292</b>	<b>\$ 8,546</b>

Other revenues, expenses, gains, or losses totaled \$10.3 million for the 2012-13 fiscal year. This represents a 20.4 percent increase compared to the 2011-12 fiscal year due primarily to an increase in State 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 2012-13 and 2011-12 fiscal years:

Condensed Statement of Cash Flows (In Thousands)		
	2012-13	2011-12
Cash Provided (Used) by:		
Operating Activities	\$ (271,785)	\$ (283,171)
Noncapital Financing Activities	320,040	359,689
Capital and Related Financing Activities	(70,537)	(32,172)
Investing Activities	(29,364)	(32,974)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(51,646)</b>	<b>11,372</b>
Cash and Cash Equivalents, Beginning of Year	108,056	96,684
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 56,410</b>	<b>\$ 108,056</b>

Cash and cash equivalents decreased \$51.6 million. Cash used by operating activities decreased by \$11.4 million compared to fiscal year 2011-12 due primarily to a \$21.5 million increase in cash received from tuition and fees offset by a \$10.4 million increase in cash payments to employees. Cash inflows from noncapital financing activities decreased by \$39.6 million primarily due to decreases in cash received from State noncapital appropriations. Cash



used by capital and related financing activities increased \$38.4 million. Purchase or construction of capital assets increased \$13.6 million related primarily to student housing, parking garages, and classroom facility construction in progress. In addition, a lesser amount in bond proceeds for capital debt was received in the 2012-13 fiscal year than in the prior year. Total cash used by investing activities remained relatively unchanged from the 2011-12 fiscal year.

Major sources of funds came from net tuition and fees (\$260.3 million), State noncapital appropriations (\$195.6 million), Federal and State student financial aid (\$137.2 million), and grants and contracts (\$115.2 million). Major uses of funds were for payments made to employees (\$445.5 million), payments to suppliers for goods and services (\$177.7 million), payments to students for scholarships and fellowships (\$83.6 million), and purchase or construction of capital assets (\$81.6 million).

### **CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION**

#### **CAPITAL ASSETS**

At June 30, 2013, the University had \$1.4 billion in capital assets, less accumulated depreciation of \$573.6 million, for net capital assets of \$869.2 million. Depreciation charges for the current fiscal year totaled \$56.2 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)**

	2013	2012
Land	\$ 24,822	\$ 24,822
Construction in Progress	55,945	8,243
Buildings	677,064	685,125
Infrastructure and Other Improvements	34,094	32,251
Furniture and Equipment	47,414	44,729
Library Resources	23,300	25,634
Leasehold Improvements	5,675	7,404
Works of Art and Historical Treasures	865	879
Other Capital Assets	275	275
<b>Capital Assets, Net</b>	<b>\$ 869,179</b>	<b>\$ 829,362</b>

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, 2013, were incurred on the following projects currently in progress: Academic Villages II, Classroom Building II, and Parking Garage VII. The University's major construction commitments at June 30, 2013, are as follows:

	Amount (In Thousands)
Total Committed	\$68,354
Completed to Date	(55,945)
<b>Balance Committed</b>	<b>\$12,409</b>

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

**DEBT ADMINISTRATION**

As of June 30, 2013, the University had \$217.5 million in outstanding capital improvement debt payable, bonds payable, and installment purchases payable, representing an increase of \$2.1 million, or 1 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)

	2013	2012
Capital Improvement Debt	\$ 158,975	\$ 157,577
Bonds Payable	56,620	57,795
Installment Purchases	1,900	
<b>Total</b>	<b>\$ 217,495</b>	<b>\$ 215,372</b>

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

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

The University's economic condition is closely tied to that of the State of Florida. The budget adopted by the Florida Legislature for the 2013-14 fiscal year provided an 18 percent increase to State universities, approximately half of which restored a \$300 million non-recurring budget reduction from the prior year (\$52 million of which was restored to the University of Central Florida). Overall, economic recovery and increased demand for State resources will continue to influence appropriations to higher education. The University manages these influences through the continual conservation and efficient use of resources and entrepreneurial efforts by academic, administrative, and auxiliary departments.

In addition to State funding, the University relies on other revenue streams to maintain the open access to and high quality of its academic programs. For the 2012-13 fiscal year, gross tuition and fee revenues increased by \$27 million, in part due to a 15 percent increase in undergraduate differential tuition. Undergraduate tuition for the 2013-14 academic year increased by only 1.7 percent, an amount equivalent to the increase in the consumer price index from December 2012 to December 2013. There were 59,700 students enrolled as of the Fall 2013 academic term. The University continues to invest in recruitment, retention, and academic advising initiatives to manage enrollment and support students' success.

The University's College of Medicine graduated its inaugural class of medical students in the 2012-13 fiscal year, and continues to increase its enrollment numbers, 353 students as of the Fall 2013 academic term. Legislative funding for the College of Medicine has not been impacted by the budget cuts in recent years.

**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 Tracy Clark, CPA, Assistant Vice President for Finance and Controller, University of Central Florida, 12424 Research Parkway, Suite 300, Orlando, Florida 32826-3249.



# BASIC FINANCIAL STATEMENTS

## UNIVERSITY OF CENTRAL FLORIDA A COMPONENT UNIT OF THE STATE OF FLORIDA STATEMENT OF NET POSITION June 30, 2013

	University	Component Units
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 42,979,244	\$ 24,419,930
Restricted Cash and Cash Equivalents	4,093,111	14,701,296
Investments	334,698,983	2,205,663
Accounts Receivable, Net	42,239,652	6,428,090
Loans and Notes Receivable, Net	937,155	
Due from State	35,683,346	
Due from Component Units	902,747	1,190,714
Due from University		6,370,133
Inventories	2,465,544	
Other Current Assets	4,619,190	1,011,963
<b>Total Current Assets</b>	<b>468,618,972</b>	<b>56,327,789</b>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	9,337,951	24,814,194
Restricted Investments	84,638,413	153,009,695
Loans and Notes Receivable, Net	4,003,579	5,655,519
Depreciable Capital Assets, Net	788,193,612	266,048,800
Nondepreciable Capital Assets	80,985,162	54,782,584
Due from Component Units	10,526,076	
Other Noncurrent Assets	1,909,940	10,282,068
<b>Total Noncurrent Assets</b>	<b>979,594,733</b>	<b>514,592,860</b>
<b>Total Assets</b>	<b>1,448,213,705</b>	<b>570,920,649</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated Decrease in Fair Value of Hedging Derivatives	11,583,087	
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	12,423,939	5,692,963
Construction Contracts Payable	17,163,854	
Salaries and Wages Payable	9,506,453	
Deposits Payable	5,664,818	
Due to Component Units	6,370,133	1,190,714
Due to University		902,747
Unearned Revenue	12,267,057	10,180,161
Other Current Liabilities	4,068,795	9,640,057
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	7,160,000	
Bonds Payable	1,240,000	
Certificates of Participation Payable		6,610,000
Loans and Notes Payable		3,220,282
Installment Purchase Payable	950,000	
Compensated Absences Payable	2,791,470	111,141
<b>Total Current Liabilities</b>	<b>79,606,519</b>	<b>37,548,065</b>

UNIVERSITY OF CENTRAL FLORIDA  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
STATEMENT OF NET POSITION (CONTINUED)  
June 30, 2013

	University	Component Units
<b>LIABILITIES (Continued)</b>		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	\$ 151,814,647	\$
Bonds Payable	55,380,000	
Certificates of Participation Payable		257,428,407
Loans and Notes Payable		40,321,345
Installment Purchase Payable	950,000	
Compensated Absences Payable	37,086,663	654,819
Other Postemployment Benefits Payable	35,492,000	
Unearned Revenues		2,753,819
Due to University		10,526,076
Other Noncurrent Liabilities	18,436,419	129,499
<b>Total Noncurrent Liabilities</b>	<b>299,159,729</b>	<b>311,813,965</b>
<b>Total Liabilities</b>	<b>378,766,248</b>	<b>349,362,030</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	681,398,539	18,951,351
Restricted for Nonexpendable:		
Endowment		116,561,428
Restricted for Expendable:		
Debt Service	1,421,709	
Loans	3,799,858	
Capital Projects	80,460,004	
Other	40,938,569	77,538,374
Unrestricted	273,011,865	8,507,466
<b>TOTAL NET POSITION</b>	<b>\$1,081,030,544</b>	<b>\$ 221,558,619</b>

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

UNIVERSITY OF CENTRAL FLORIDA  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For the Fiscal Year Ended June 30, 2013

	University	Component Units
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$101,651,427 (Pledged for Capital Improvement Debt: \$13,243,032 for Student Health and \$11,698,468 for Parking)	\$ 262,225,771	\$
Federal Grants and Contracts	87,096,780	
State and Local Grants and Contracts	7,987,312	
Nongovernmental Grants and Contracts	18,935,398	
Sales and Services of Auxiliary Enterprises (Net) (Pledged for Capital Improvement Debt: \$1,556,129 for Bookstore; \$3,835,132 for Student Health; \$24,321,228 for Housing; and \$5,955,644 for Parking)	53,703,537	
Royalties and Licensing Fees		9,754,998
Gifts and Donations		16,601,834
Interest on Loans and Notes Receivable	115,136	
Other Operating Revenues (Pledged for Capital Improvement Debt: \$346,089 for Housing and \$1,092,035 for Parking)	5,399,344	93,752,428
<b>Total Operating Revenues</b>	<b>435,463,278</b>	<b>120,109,260</b>
<b>EXPENSES</b>		
Operating Expenses:		
Compensation and Employee Benefits	458,331,759	13,270,401
Services and Supplies	155,453,624	72,791,280
Utilities and Communications	21,664,559	
Scholarships, Fellowships, and Waivers	83,615,196	
Depreciation	56,188,801	10,573,289
<b>Total Operating Expenses</b>	<b>775,253,939</b>	<b>96,634,970</b>
<b>Operating Income (Loss)</b>	<b>(339,790,661)</b>	<b>23,474,290</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Noncapital Appropriations	195,589,607	
Federal and State Student Financial Aid	135,538,786	
Investment Income	10,141,632	822,812
Other Nonoperating Revenues	9,413,480	14,789,363
Loss on Disposal of Capital Assets	(489,242)	(12,083,597)
Interest on Capital Asset-Related Debt	(8,402,236)	(13,013,137)
Other Nonoperating Expenses	(23,162,116)	(9,245,850)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>318,629,911</b>	<b>(18,730,409)</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>	<b>(21,160,750)</b>	<b>4,743,881</b>
State Capital Appropriations	8,409,676	
Capital Grants, Contracts, Donations, and Fees	1,881,991	
Additions to Permanent Endowments		2,314,942
<b>Increase (Decrease) in Net Position</b>	<b>(10,869,083)</b>	<b>7,058,823</b>
Net Position, Beginning of Year	1,091,899,627	214,499,796
<b>Net Position, End of Year</b>	<b>\$ 1,081,030,544</b>	<b>\$ 221,558,619</b>

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

UNIVERSITY OF CENTRAL FLORIDA  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2013

	<u>University</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and Fees, Net	\$ 260,250,234
Grants and Contracts	115,201,634
Sales and Services of Auxiliary Enterprises	53,409,332
Interest on Loans and Notes Receivable	114,081
Payments to Employees	(445,532,521)
Payments to Suppliers for Goods and Services	(177,653,729)
Payments to Students for Scholarships and Fellowships	(83,615,196)
Collection on Loans to Students	1,043,430
Loans Issued to Students	(614,180)
Other Operating Receipts	5,612,385
<b>Net Cash Used by Operating Activities</b>	<u>(271,784,530)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Noncapital Appropriations	195,589,607
Federal and State Student Financial Aid	137,154,180
Federal Direct Loan Program Receipts	250,338,437
Federal Direct Loan Program Disbursements	(250,338,437)
Net Change in Funds Held for Others	1,817,521
Other Nonoperating Disbursements	(14,521,672)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>320,039,636</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from Capital Debt	8,233,289
State Capital Appropriations	19,548,248
Capital Grants, Contracts, and Donations	1,835,757
Capital Subsidies and Transfers	(2,454,770)
Other Receipts for Capital Projects	402,765
Purchase or Construction of Capital Assets	(81,602,510)
Principal Paid on Capital Debt	(7,955,000)
Interest Paid on Capital Debt	(8,544,502)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(70,536,723)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales and Maturities of Investments	890,182,045
Purchase of Investments	(940,687,073)
Investment Income	21,141,256
<b>Net Cash Used by Investing Activities</b>	<u>(29,363,772)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<u>(51,645,389)</u>
Cash and Cash Equivalents, Beginning of Year	108,055,695
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 56,410,306</u></u>

UNIVERSITY OF CENTRAL FLORIDA  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
STATEMENT OF CASH FLOWS (CONTINUED)  
For the Fiscal Year Ended June 30, 2013

	<u>University</u>
<b>RECONCILIATION OF OPERATING LOSS</b>	
<b>TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (339,790,661)
Adjustments to Reconcile Operating Loss	
to Net Cash Used by Operating Activities:	
Depreciation Expense	56,188,801
Change in Assets and Liabilities:	
Receivables, Net	(712,775)
Inventories	(141,895)
Other Assets	(1,097,466)
Accounts Payable	(1,289,579)
Salaries and Wages Payable	931,953
Deposits Payable	204,213
Compensated Absences Payable	2,203,285
Unearned Revenue	113,344
Other Liabilities	1,942,250
Other Postemployment Benefits Payable	9,664,000
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (271,784,530)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND</b>	
<b>CAPITAL FINANCING ACTIVITIES</b>	
Unrealized losses on investments were recognized as a 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.	\$ (10,600,725)
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.	\$ (489,242)

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



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Blended Component Units.** Based on the application of the criteria for determining component units, the UCF Finance Corporation (Corporation) and the University of Central Florida College of Medicine Self-Insurance Program (Program) are included within the University's reporting entity as blended component units, and are therefore reported as if they are part of the University. The Corporation's purpose is to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. The Program's purpose is to provide comprehensive general liability and professional liability coverage for the University's Trustees and students for claims and actions arising from clinical activities of the College of Medicine; College of Nursing; UCF Health Services; College of Health and Public Affairs; and the Central Florida Clinical Practice Organization, Inc., faculty, staff, and resident physicians. Condensed financial statements for the University's blended component units are shown in a subsequent note.

**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) and the Central Florida Clinical Practice Organization, Inc. (an affiliated organization), 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 to achieve excellence by providing supplemental resources from private gifts and bequests, and valuable education support services. The Statute authorizes these organizations to receive, hold, invest, and administer property and to make

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expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

- University of Central Florida Foundation, Inc., is a not-for-profit Florida corporation whose principal function is to provide charitable and educational aid to the University.
- University of Central Florida Research Foundation, Inc., was organized to promote and encourage, as well as assist in, the research activities of the University's faculty, staff, and students.
- UCF Athletics Association, Inc., was organized to promote intercollegiate athletics to benefit the University and surrounding communities.
- UCF Convocation Corporation was created to finance and construct a convocation center, and to manage the Towers student housing and its related retail space on the north side of campus.
- Golden Knights Corporation was created to finance, build, and administer an on-campus football stadium.
- Central Florida Clinical Practice Organization, Inc., is an affiliated organization component unit of the University and was formed for the purpose of supporting the medical education program and clinical faculty within the College of Medicine.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual report is submitted to the Auditor General and the University Board of Trustees. Additional information on the University's discretely presented component units, including copies of audit reports, is available by contacting the University's Assistant Vice President for Finance and Controller. 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 entitywide 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

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**Basis of Accounting.** Basis of accounting refers to when revenues, expenses, and related assets, deferred outflows of resources, and liabilities 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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, and liabilities 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 blended and discretely presented component units use the economic resources measurement focus and accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follow GASB standards of accounting and financial reporting.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

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 on capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, investment income (net of unrealized gains or losses on investments), and revenues for capital construction projects. Interest on capital asset-related debt is a nonoperating expense.

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 differences between the stated charge for goods and services provided by the University and the amount that is actually paid by a student or a third party making payment on behalf of the student. 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, on a ratio of total aid to the 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 - University.** Cash and cash equivalents consist of cash on hand and cash in demand accounts, money market funds, and investments with original maturities of three months or less. The

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University's 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. The University also holds \$38,258,408 in money market funds and short-term investments. The money market funds and investments are permissible under the current investment policy; the primary portion of these investments are rated AAA by Moody's and Standard & Poor's. The Corporation, a blended component unit, holds \$6,064,896 in money market funds. The money market funds are uninsured, but collateralized by securities held by the financial institutions, not in the name of the Corporation. 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.

**Cash and Cash Equivalents – Discretely Presented Component Units.** Cash and cash equivalents for the University's discretely presented component units are reported as follows:

Component Unit	Cash in Bank	Money Market Funds	Short-Term Guaranteed Investment Contracts	Total
University of Central Florida Foundation, Inc.	\$ 8,067,976	\$ 11,546,839	\$	\$ 19,614,815
University of Central Florida Research Foundation, Inc.	5,469,408			5,469,408
UCF Athletics Association, Inc.	1,280,857			1,280,857
UCF Convocation Corporation		18,285,256	9,847,980	28,133,236
Golden Knights Corporation		5,995,361	3,031,485	9,026,846
Central Florida Clinical Practice Organization, Inc.	410,258			410,258
<b>Total Component Units</b>	<b>\$ 15,228,499</b>	<b>\$ 35,827,456</b>	<b>\$ 12,879,465</b>	<b>\$ 63,935,420</b>

**UCF Convocation Corporation and Golden Knights Corporation.** These component units follow the investment policy of the University for managing credit risks. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation's name. The money market funds invest in diversified portfolios of high-quality, dollar-denominated short-term debt securities. Short-term guaranteed investment contracts are investment vehicles that guarantee a return on principal invested in the account over the life of the investment. For the fiscal year ended June 30, 2013, the corporations had benefit-responsive investment contracts with an insurance company that maintains the funds in guaranteed interest accounts. The accounts are credited with earnings on the underlying investments and are subject to plan withdrawals. The contracts are included in the financial statements at fair value as reported to the Corporation by the insurance company. Fair value represents contributions made under the contract, plus earnings, less plan withdrawals. There are no reserves against fair values for credit risk of the contract issuer. For the 2012-13 fiscal year, the average yield and crediting interest rates were 5 percent for the UCF Convocation Corporation and 4.72 percent for the Golden Knights Corporation, based on maturities through June 30, 2015, and June 30, 2013, respectively. These



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assets are segregated and subject to withdrawal by the authorized trustee. The guaranteed investment contracts were purchased by the corporations to invest the unused proceeds received from the issuance of debt.

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(16), Florida Statutes, the corporation's investments in securities must provide sufficient liquidity to pay obligations as they come due.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy limits fixed income exposure to investment grade assets and provides credit quality guidelines applicable to the investment objective. The investment policies provide information on asset classes, target allocations, and ranges of acceptable investment categories.

*Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of the failure of the counterparty, the corporations will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In order to manage the custodial credit risk, the University's investment policy specifies certain requirements to pre-qualify financial institutions and brokers or dealers and requires an annual review of the institutions used. The corporations' investments are held by a third-party custodian, not in the name of the corporations.

#### **Other Component Units**

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the component unit will not be able to recover deposits.

- **University of Central Florida Foundation, Inc.** – Cash deposits consist of non-interest-bearing demand deposits, money market, and cash deposits swept on an overnight basis from operating bank accounts into interest-bearing money market accounts, with maturity dates of less than 90 days. At June 30, 2013, approximately \$18,313,817 in cash deposits were not insured by Federal deposit insurance and were not collateralized.
- **University of Central Florida Research Foundation, Inc.** – At June 30, 2013, the Research Foundation had deposits in banking institutions. A portion of the deposits, totaling \$79,799, was in excess of the federal deposit insurance limit as of June 30, 2013.

The Research Foundation maintains a repurchase sweep account with a local bank. The target balance in the main operating account is "swept" overnight by the bank and is collateralized by mortgage-backed securities issued by the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation which have been temporarily sold to the Research Foundation under the terms of the repurchase agreement. The balance in the repurchase account as of June 30, 2013, was \$1,062,923.

- **UCF Athletics Association, Inc.** – The Association does not have a deposit policy for custodial credit risk, although all demand deposits with banks are federally insured up to Federal deposit insurance limits. As of June 30, 2013, \$1,154,485 of the Association's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

**Capital Assets.** University capital assets consist of land; construction in progress; buildings, infrastructure and other improvements; furniture and equipment; library resources; leasehold improvements; works of art and historical treasures; and computer software and other capital assets. These assets are capitalized and recorded at

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cost at the date of acquisition or at estimated fair 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 \$4 million for intangible assets, which includes computer software, and \$5,000 for tangible personal property. New buildings and improvements have a \$100,000 capitalization threshold. 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 – 5 to 10 years
- Library Resources – 10 years
- Leasehold Improvements – the lesser of the remaining lease term, or the estimated useful life of the improvement
- Works of Art and Historical Treasures – 5 to 15 years
- Computer Software and Other Capital Assets – 5 to 10 years

**Noncurrent Liabilities.** Noncurrent liabilities include principal amounts of capital improvement debt payable, bonds payable, installment purchase payable, compensated absences payable, other postemployment benefits payable, and other noncurrent liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premium or discount 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. Issuance costs paid from the debt proceeds are reported as deferred charges, and are amortized over the life of the debt using the straight-line method.

## 2. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The University's Board of Trustees has adopted a written investment policy establishing investment parameters within applicable Florida Statutes and the University investment manual. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees as authorized by law. Investments set aside to make

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

The University's investments at June 30, 2013, are reported at fair value, as follows:

Investment Type	Amount
External Investment Pools:	
State Treasury Special Purpose Investment Account	\$ 232,225,999
SBA Florida PRIME	1,362
SBA Fund B Surplus Funds Trust Fund	94
SBA Debt Service Accounts	1,412,998
Certificates of Deposit	491,786
United States Government and Federally-Guaranteed Obligations	50,515,550
Federal Agency Obligations	27,250,085
Bonds and Notes	44,191,369
Mutual Funds - Equities	63,248,153
<b>Total University Investments</b>	<b>\$ 419,337,396</b>

Investments held by the University's component units at June 30, 2013, are reported at fair value, as follows:

Investment Type	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	Total
Mutual Funds:	\$	\$	\$
Bonds	47,222,716		47,222,716
Equities	86,188,058	68,958	86,257,016
Real Assets	807,904		807,904
Hedge Funds	16,359,338		16,359,338
Private Equity Funds	93,002		93,002
Real Estate Assets - REITS	210,535		210,535
Real Estate Fixed Income	991,467		991,467
Exchanged Traded Funds	815,130		815,130
Stocks and Other Equity Securities	2,122,682	335,568	2,458,250
<b>Total Component Unit Investments</b>	<b>\$ 154,810,832</b>	<b>\$ 404,526</b>	<b>\$ 155,215,358</b>

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**External Investment Pool - State Treasury Special Purpose Investment Account**

The University reported investments at fair value totaling \$232,225,999 at June 30, 2013, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard & Poor's, had an effective duration of 2.65 years, and had a fair value factor of 0.9975 at June 30, 2013. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

**State Board of Administration Debt Service Accounts**

The University reported investments totaling \$1,412,998 at June 30, 2013, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

**Other Investments**

The University and its discretely presented component units invested in various debt and equity securities, money market funds, mutual funds, and certificates of deposit. The following risks apply to the University's and its discretely presented component units' investments other than external investment pools:

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(16), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due. Investments of the University and its component units in debt securities and bond mutual funds, and their future maturities at June 30, 2013, are as follows:



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**University Debt Investments Maturities**

Investment Type	Fair Value	Investments Maturities (In Years)		
		Less Than 1	1 - 5	More Than 5
United States Government and Federally-Guaranteed Obligations	\$ 50,515,550	\$ 11,324,794	\$ 37,537,493	\$ 1,653,263
Federal Agency Obligations	27,250,085		8,835,716	18,414,369
Bonds and Notes	44,191,369	2,472,830	32,437,858	9,280,681
<b>Total University</b>	<b>\$ 121,957,004</b>	<b>\$ 13,797,624</b>	<b>\$ 78,811,067</b>	<b>\$ 29,348,313</b>

**Component Units' Debt Investments Maturities**

Investment Type	Fair Value	Investments Maturities (In Years)		
		Less Than 1	1 - 5	More Than 5
Mutual Funds - Bonds	\$ 47,222,716	\$ 7,375,205	\$ 25,027,712	\$ 14,819,799
Real Assets Fixed Income	991,467		991,467	
<b>Total Component Units</b>	<b>\$ 48,214,183</b>	<b>\$ 7,375,205</b>	<b>\$ 26,019,179</b>	<b>\$ 14,819,799</b>

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States government or obligations explicitly guaranteed by the United States government are not considered to have credit risk and do not require disclosure of credit quality. The University's investment policy limits fixed income exposure to investment grade assets and provides credit quality guidelines applicable to the investment objective. The University's component units' investment policies provide information on asset classes, target allocations, and ranges of acceptable investment categories. The following schedule represents the ratings at June 30, 2013, of the University's and its component units' debt instruments using Moody's and Standard and Poor's, nationally recognized rating agencies:

**University Debt Investments Quality Ratings**

Investment Type	Fair Value	AAA	AA	A	Less Than A or Not Rated
Federal Agency Obligations	\$ 27,250,085	\$ 27,250,085	\$	\$	\$
Bonds and Notes	44,191,369	10,716,413	10,449,691	20,633,391	2,391,874 (1)
<b>Total University</b>	<b>\$ 71,441,454</b>	<b>\$ 37,966,498</b>	<b>\$ 10,449,691</b>	<b>\$ 20,633,391</b>	<b>\$ 2,391,874</b>

**Component Units' Debt Investments Quality Ratings**

Investment Type	Fair Value	AAA	AA	A	Less Than A
Mutual Funds - Bonds	\$ 47,222,716	\$ 11,807,516	\$ 23,881,805	\$ 2,543,542	\$ 8,989,853
Real Assets Fixed Income	991,467		991,467		
<b>Total Component Units</b>	<b>\$ 48,214,183</b>	<b>\$ 11,807,516</b>	<b>\$ 24,873,272</b>	<b>\$ 2,543,542</b>	<b>\$ 8,989,853</b>

Note: (1) Investments of \$1,335,681 were not rated.

*Concentration of Credit Risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of the University's or its component units' investments in a single issuer. The University's and its component units'

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investment policies require diversification sufficient to reduce the potential of a single security, single sector of securities, or single style of management having a disproportionate or significant impact on the portfolio. The University's policy states that not more than five percent of the investment portfolio's assets shall be invested in securities on any one issuing company, and no single corporate bond issuer shall exceed five percent of the portfolio. Guidelines for individual sectors of the portfolio further indicate percentage limitations.

### 3. RECEIVABLES

**Accounts Receivable.** Accounts receivable represent amounts for contract and grant reimbursements due from third parties, student tuition and fees, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2013, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Contracts and Grants	\$ 21,204,520
Student Tuition and Fees	16,432,800
Other	<u>4,602,332</u>
<b>Total Accounts Receivable, Net</b>	<b><u>\$ 42,239,652</u></b>

**Loans and Notes Receivable.** Loans and notes receivable represent all amounts owed on promissory notes from debtors, including student loans made under the Federal Perkins Loan Program and other loan programs.

**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 \$1,547,332 and \$719,356, respectively, at June 30, 2013.

### 4. DUE FROM STATE

This amount consists of \$35,683,346 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, and other allocations due from the State to the University for construction of University facilities.

### 5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013, is shown below:

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Description	Beginning Balance	Additions	Reductions	Ending Balance
<b>Nondepreciable Capital Assets:</b>				
Land	\$ 24,821,959	\$	\$	\$ 24,821,959
Works of Art and Historical Treasures	218,000			218,000
Construction in Progress	8,243,391	54,859,610	7,157,798	55,945,203
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 33,283,350</b>	<b>\$ 54,859,610</b>	<b>\$ 7,157,798</b>	<b>\$ 80,985,162</b>
<b>Depreciable Capital Assets:</b>				
Buildings	\$ 957,385,046	\$ 22,275,003	\$	\$ 979,660,049
Infrastructure and Other Improvements	50,054,405	4,059,898		54,114,303
Furniture and Equipment	175,680,967	19,571,789	6,532,215	188,720,541
Library Resources	110,509,595	2,468,519	33,989	112,944,125
Leasehold Improvements	16,841,879	240,403		17,082,282
Works of Art and Historical Treasures	1,301,300	109,000		1,410,300
Computer Software and Other Capital Assets	8,296,037		445,602	7,850,435
<b>Total Depreciable Capital Assets</b>	<b>1,320,069,229</b>	<b>48,724,612</b>	<b>7,011,806</b>	<b>1,361,782,035</b>
<b>Less, Accumulated Depreciation:</b>				
Buildings	272,260,415	30,336,226		302,596,641
Infrastructure and Other Improvements	17,803,597	2,216,830		20,020,427
Furniture and Equipment	130,951,861	16,691,428	6,336,387	141,306,902
Library Resources	84,875,358	4,799,902	31,265	89,643,995
Leasehold Improvements	9,438,065	1,968,899		11,406,964
Works of Art and Historical Treasures	640,520	122,539		763,059
Computer Software and Other Capital Assets	8,021,263	52,977	223,805	7,850,435
<b>Total Accumulated Depreciation</b>	<b>523,991,079</b>	<b>56,188,801</b>	<b>6,591,457</b>	<b>573,588,423</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 796,078,150</b>	<b>\$ (7,464,189)</b>	<b>\$ 420,349</b>	<b>\$ 788,193,612</b>

## 6. UNEARNED REVENUE

Unearned revenue includes grant and contract prepayments, auxiliary prepayments, and student tuition and fees received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2013, the University reported the following amounts as unearned revenue:

Description	Amount
Grant and Contract Prepayments	\$ 7,342,683
Auxiliary Prepayments	4,131,316
Student Tuition and Fees	793,058
<b>Total Unearned Revenue</b>	<b>\$ 12,267,057</b>

## 7. DEFERRED OUTFLOW OF RESOURCES

The University's blended component unit (Corporation) entered into an interest rate swap agreement in connection with its \$60 million bond issuance to manage the risk of rising interest rates on its variable rate-based debt. Deferred outflow of resources includes the effect of deferring accumulated decreases in fair value of a hedging derivative related to this interest rate swap agreement. The Bonds Payable section of Note 8 below includes a complete discussion of the swap agreement.

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## 8. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2013, include capital improvement debt payable, bonds payable, installment purchase payable, compensated absences payable, other postemployment benefits payable, and other noncurrent liabilities. Long-term liabilities activity for the fiscal year ended June 30, 2013, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	\$ 157,576,527	\$ 8,335,630	\$ 6,937,510	\$ 158,974,647	\$ 7,160,000
Bonds Payable	57,795,000		1,175,000	56,620,000	1,240,000
Installment Purchase Payable		1,900,000		1,900,000	950,000
Compensated Absences Payable	37,674,848	4,677,766	2,474,481	39,878,133	2,791,470
Other Postemployment Benefits Payable	25,828,000	11,519,000	1,855,000	35,492,000	
Other Noncurrent Liabilities	24,395,687	12,121	5,971,389	18,436,419	
<b>Total Long-Term Liabilities</b>	<b>\$ 303,270,062</b>	<b>\$ 26,444,517</b>	<b>\$ 18,413,380</b>	<b>\$ 311,301,199</b>	<b>\$ 12,141,470</b>

**Capital Improvement Debt Payable.** The University had the following capital improvement debt payable outstanding at June 30, 2013:

Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2002 - Housing	\$ 14,055,000	\$ 8,341,510	3.75 - 4.50	2021
2007A - Housing	38,780,000	32,996,441	4.0 - 5.5	2030
2012A - Housing	66,640,000	69,139,766	2.5 - 5.0	2042
<b>Total Student Housing Debt</b>	<b>119,475,000</b>	<b>110,477,717</b>		
Bookstore Debt:				
1997	3,570,000	1,031,572	5.100 - 5.125	2017
Student Health Center Debt:				
2004A	8,000,000	5,159,903	4.2 - 5.0	2024
Parking Garage Debt:				
2004A - Parking Garage V	18,455,000	10,168,474	3.5 - 4.2	2024
2010A - Parking Garage VI	3,855,000	2,068,754	4.0	2016
2010B - Parking Garage VI	11,140,000	11,140,000	4.5 - 6.2	2029
2011A - Parking Garage	11,005,000	10,798,720	3.0 - 5.0	2022
2012A - Parking Garage	7,860,000	8,129,507	3.0 - 5.0	2032
<b>Total Parking Garage Debt</b>	<b>52,315,000</b>	<b>42,305,455</b>		
<b>Total Capital Improvement Debt</b>	<b>\$ 183,360,000</b>	<b>\$ 158,974,647</b>		

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

The University has pledged a portion of future housing rental revenues, bookstore revenues, parking and transportation fees, and health service facility fees based on credit hours to repay \$183,360,000 in capital



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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, a bookstore, student health facilities, and student parking garages. The bonds are payable solely from housing rental revenues, bookstore revenues, parking and transportation fees, and student health fees, and are payable through the year 2042. The University has committed to appropriate each year, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$229,123,225, and principal and interest paid for the current year totaled \$14,096,101. During the 2012-13 fiscal year, operating revenues generated from housing rental revenues, bookstore revenues, parking and transportation fees, and health service facility fees totaled \$24,733,117, \$1,556,287, \$18,746,147, and \$17,081,236, respectively.

On October 18, 2012, the Board of Governors issued \$7,860,000 Series 2012A bonds for the purpose of financing the cost of construction of the seventh parking facility on the main campus of the University.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2013, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 7,160,000	\$ 6,833,904	\$ 13,993,904
2015	8,280,000	6,534,436	14,814,436
2016	8,610,000	6,209,420	14,819,420
2017	8,435,000	5,832,471	14,267,471
2018	8,520,000	5,430,116	13,950,116
2019-2023	40,895,000	21,009,726	61,904,726
2024-2028	34,610,000	11,915,848	46,525,848
2029-2033	19,805,000	5,638,741	25,443,741
2034-2038	9,885,000	3,118,969	13,003,969
2039-2042	9,565,000	834,594	10,399,594
<b>Subtotal</b>	155,765,000	73,358,225	229,123,225
Plus: Net Bond Discounts, Premiums, and Losses on Bond Refundings	3,209,647		3,209,647
<b>Total</b>	<b>\$ 158,974,647</b>	<b>\$ 73,358,225</b>	<b>\$ 232,332,872</b>

**Bonds Payable.** One of the University's blended component units, the UCF Finance Corporation (Corporation), issued \$60 million in bonds to finance the construction of the Burnett Biomedical Sciences Building, part of the University's medical school. The bonds are secured by indirect cost revenues received by the University from Federal, State, and private grants and further secured by a letter of credit issued by a local bank not to exceed \$60 million. The bonds are variable interest rate bonds with a synthetic interest rate of 4.52 percent at June 30, 2013. They mature on July 1, 2037.

The University agreed to use a ground sublease to lease to its blended component unit, the Corporation, a parcel of property located in Orange County, Florida, whereby approximately 198,000 square feet of classroom, laboratory, and administrative office space, together with related infrastructure was constructed. The facilities are used solely for education and research purposes and are operated and managed by the University. The University

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and the Corporation entered into an agreement whereby the Corporation leases the facilities to the University for the occupancy of the facilities. The University has agreed to pay a base rent equal to all amounts due and payable under the bond indenture and all amounts required to be paid associated with the bond issuance.

Annual requirements to amortize the outstanding bonds as of June 30, 2013, are as follows:

Fiscal Year Ending June 30	Bonds Payable		Interest Rate Swap	Net Cash Flows
	Principal	Interest		
2014	\$ 1,240,000	\$ 2,423,429	\$ 83,070	\$ 3,746,499
2015	1,295,000	2,366,760	81,128	3,742,888
2016	1,355,000	2,307,465	79,095	3,741,560
2017	1,415,000	2,245,544	76,973	3,737,517
2018	1,490,000	2,180,342	74,738	3,745,080
2019-2023	8,545,000	9,814,492	336,420	18,695,912
2024-2028	10,740,000	7,665,439	262,756	18,668,195
2029-2033	13,520,000	4,961,290	170,063	18,651,353
2034-2038	17,020,000	1,557,856	53,401	18,631,257
<b>Total</b>	<b>\$ 56,620,000</b>	<b>\$ 35,522,617</b>	<b>\$ 1,217,644</b>	<b>\$ 93,360,261</b>

The Corporation entered into an interest rate swap agreement in connection with its \$60 million variable-rate bond issuance as a means to lower its borrowing costs, when compared with fixed-rate bonds at the time of their issuance in June 2007. The Corporation utilizes such derivatives to manage the risk of rising interest rates on its variable interest rate-based debt. The counterparty to the interest rate swap agreement is a regional bank. Credit loss from counterparty nonperformance is not anticipated. Under the interest rate swap agreement, the Corporation pays the counterparty a fixed payment of 4.38 percent and receives a variable payment based on the Securities Industry and Financial Market Association swap index (0.06 percent at June 30, 2013). The variable-rate coupons of the bonds are reset weekly by auction. As of June 30, 2013, the Corporation was not exposed to credit risk on this interest rate swap agreement because it had a negative fair value of \$11,583,087, which is reported in other noncurrent liabilities on the statement of net position. This liability reflects the settlement amount the Corporation would have to pay on June 30, 2013, to cancel the interest rate swap agreement. The liability is estimated based on valuation models. If interest rates change and the fair value of the interest rate swap agreement becomes positive, the Corporation would have a gross exposure to credit risk in the amount of the derivatives' fair value. In accordance with the Corporation's policy to mitigate the potential for credit risk, the Corporation may require that the fair value of the interest rate swap agreement be fully collateralized by a letter of credit if the counterparty's credit quality falls below AA/Aa. As of June 30, 2013, collateralization was not required due to the swap agreement having a negative fair value.

The University entered into a support agreement such that it will fund certain deficiencies that may arise in the event the Corporation is unable to make the minimum payments on the bonds. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts.

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**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, 2013, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$39,878,133. The current portion of the compensated absences liability, \$2,791,470, is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years calculated as a percentage of those years' total compensated absences liability.

**Other Postemployment Benefits Payable.** The University follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

*Plan Description.* 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, an agent multiple-employer, defined-benefit plan (Plan). The University subsidizes the premium rates paid by retirees by allowing them to participate in the 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, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. A stand-alone report is not issued and the Plan information is not included in the report of a public employee retirement system or another entity.

*Funding Policy.* Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The University has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2012-13 fiscal year, 428 retirees received postemployment healthcare benefits. The University provided required contributions of \$1,855,000 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled \$2,565,000, which represents 0.9 percent of covered payroll.

*Annual OPEB Cost and Net OPEB Obligation.* The University's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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The following table shows the University's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the University's net OPEB obligation:

Description	Amount
Normal Cost (Service Cost for One Year)	\$ 6,887,000
Amortization of Unfunded Actuarial	
Accrued Liability	4,056,000
Interest on Normal Cost and Amortization	438,000
<b>Annual Required Contribution</b>	11,381,000
Interest on Net OPEB Obligation	1,033,000
Adjustment to Annual Required Contribution	(895,000)
<b>Annual OPEB Cost (Expense)</b>	11,519,000
Contribution Toward the OPEB Cost	(1,855,000)
<b>Increase in Net OPEB Obligation</b>	9,664,000
Net OPEB Obligation, Beginning of Year	25,828,000
<b>Net OPEB Obligation, End of Year</b>	<b>\$ 35,492,000</b>

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2013, and for the two preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010-11	\$ 6,754,000	23.3%	\$ 15,988,000
2011-12	11,469,000	14.2%	25,828,000
2012-13	11,519,000	16.1%	35,492,000

*Funded Status and Funding Progress.* As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$118,673,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$118,673,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$289,894,138 for the 2012-13 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 40.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements,



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presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The University's OPEB actuarial valuation as of July 1, 2011, used the entry-age cost actuarial method to estimate the actuarial accrued liability as of June 30, 2013, and the University's 2012-13 fiscal year ARC. This method was selected because it is the same method used for the valuation of the Florida Retirement System. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 4 percent per year and an inflation rate of 3 percent. Initial healthcare cost trend rates were 8.29 percent, 9.16 percent, and 8.13 percent for the first three years, respectively, for all retirees in the Preferred Provider Option (PPO) Plan, and 10.43 percent, 4.92 percent, and 8.80 percent for the first three years for all retirees in the Health Maintenance Organization (HMO) Plan. The PPO and HMO healthcare trend rates are both 6.5 percent in the fourth year grading identically to 5 percent over 70 years. The unfunded actuarial accrued liability is being amortized over 30 years using the level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013, was 24 years.

**Other Noncurrent Liabilities.** Other noncurrent liabilities consist mainly of the liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan Program and an interest rate swap agreement. Under the Perkins Loan program, the University receives Federal capital contributions that must be returned to the Federal Government if the program has excess cash or the University ceases to participate in the program. Federal capital contributions held by the University totaled \$6,793,332 at June 30, 2013.

As described previously in the Bonds Payable paragraph above, the University's blended component unit (Corporation) entered into an interest swap agreement in connection with its \$60 million bond issuance. As of June 30, 2013, this interest rate swap agreement had a negative value of \$11,583,087.

**Certificate of Participation Payable – Component Units.** During the 2004-05 and 2005-06 fiscal years, two certificates of participation were issued by the UCF Convocation Corporation to fund the construction of four residential housing towers, two adjacent parking facilities, and certain surrounding commercial retail space. Also during the 2005-06 fiscal year, the UCF Convocation Corporation issued two additional certificates of participation to fund the acquisition, construction, and installation of a new convocation center; renovation of the existing University Arena; and construction of related infrastructure. The outstanding balance of these certificates at June 30, 2013, was \$217,585,000, before an unamortized premium of \$4,318,137.

During the 2006-07 fiscal year, certificates of participation were issued by the Golden Knights Corporation for the construction of a football stadium on the campus of the University. The outstanding balance of these

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certificates at June 30, 2013, was \$41,700,000, before an unamortized premium of \$435,270. The certificates are secured by a pledge, from the UCF Athletic Association, Inc., of gross ticket revenues, rent, conference distributions, and sponsorship revenue.

The University entered into support agreements with the UCF Convocation Corporation and the Golden Knights Corporation such that it will fund certain deficiencies that may arise in the event either corporation is unable to make the minimum payments on the bonds. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts.

**Loans and Notes Payable – Component Units.** In October 1997, the University of Central Florida Foundation, Inc., signed renewal annuity notes payable with two Charitable Remainder Annuity Trusts for which the Foundation is named as irrevocable beneficiary. As of June 30, 2013, the outstanding principal balance of the notes payable was \$1,968,352 and annuity obligations were \$498,057. The notes mature in October 2017.

During the 2004-05 fiscal year, the University of Central Florida Foundation, Inc., entered into two notes of \$10,400,000 and \$2,800,000, respectively, with banks for the purchase of land and buildings. The \$10,400,000 note was refinanced during the 2008-09 fiscal year. The notes are secured by the land and lease revenues. The combined outstanding balance of the notes payable at June 30, 2013, was \$10,820,000 and the notes mature on April 1, 2029, and April 1, 2014.

During the 2007-08 fiscal year, the Golden Knights Corporation entered into a loan agreement with a bank for \$16,700,000. The proceeds of the loan were used to purchase all of the previously issued and outstanding Series 2006B certificates of participation. Those certificates of participation are held in trust and have been registered in the name of the bank as pledgee. The loan is payable from and secured by a lien upon and pledge of all the payments received with respect to the certificates. The outstanding balance of the loan payable at June 30, 2013, was \$11,990,000, and the loan matures on April 1, 2016.

During the 2009-10 fiscal year, the University of Central Florida Foundation, Inc., entered into a loan agreement with a bank for \$19,925,000. The loan is comprised of both tax-exempt and taxable portions. The loan is secured by building and lease revenue. The outstanding balance was \$17,935,000, before unamortized deferred amounts on refunding of \$154,919, and the loan matures on October 1, 2025.

The University of Central Florida Foundation, Inc., entered into a \$2,450,000 line of credit with a credit union for construction of the Alumni Center. As of June 30, 2013, the outstanding principal balance of the line of credit was \$485,137.

## 9. RETIREMENT PROGRAMS

**Florida Retirement System.** Essentially all regular employees of the University are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-

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employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the Florida Retirement System Investment Plan (Investment Plan).

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of 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 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 service. Members of both Plans 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.

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 employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service for employer contributions and vest fully and immediately for employee contributions.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2012-13 fiscal year were as follows:

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Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	5.18
Florida Retirement System, Senior Management Service	3.00	6.30
Florida Retirement System, Special Risk	3.00	14.90
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	5.44
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of the Investment Plan.

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

The University's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University. The University's contributions including employee contributions for the fiscal years ended June 30, 2011, June 30, 2012, and June 30, 2013, totaled \$10,553,207, \$7,435,235, and \$7,750,823, respectively, which were equal to the required contributions for each fiscal year.

There were 729 University participants in the Investment Plan during the 2012-13 fiscal year. The University's contributions including employee contributions to the Investment Plan totaled \$2,189,031, which was equal to the required contribution for the 2012-13 fiscal year.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on 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, Division of Retirement.

**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 FRS for eight 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, on behalf of the participant, 5.64 percent of the participant's salary, less a small amount used to cover administrative costs and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by



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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.

There were 2,157 University participants during the 2012-13 fiscal year. The University's contributions to the Program totaled \$9,344,922 and employee contributions totaled \$8,884,675 for the 2012-13 fiscal year.

#### 10. CONSTRUCTION COMMITMENTS

The University's construction commitments at June 30, 2013, are as follows:

Project Description	Total Committed	Completed to Date	Balance Committed
Academic Villages II	\$ 35,575,197	\$ 31,196,513	\$ 4,378,684
Classroom Building II	18,687,658	15,758,633	2,929,025
Parking Garage VII	10,519,276	5,793,625	4,725,651
Other Projects (1)	3,571,797	3,196,432	375,365
<b>Total</b>	<b>\$ 68,353,928</b>	<b>\$ 55,945,203</b>	<b>\$ 12,408,725</b>

Note: (1) Individual projects with current balance committed of less than \$1 million at June 30, 2013.

#### 11. OPERATING LEASE COMMITMENTS

The University leased buildings under operating leases, which expire in various intervals through 2038. These leased assets and the related commitments are not reported on the University's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. Future minimum lease commitments for noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2014	\$ 12,359,753
2015	9,366,195
2016	9,376,435
2017	9,025,119
2018	8,659,892
2019-2023	8,989,331
2024-2028	8,519,615
2029-2033	9,876,568
2034-2038	9,022,384
<b>Total Minimum Payments Required</b>	<b>\$ 85,195,292</b>

#### 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

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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 2012-13 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 \$50 million for named windstorm and flood losses. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

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

**University Self-Insurance Program**

The University of Central Florida, College of Medicine Self-Insurance Program (Program) was established pursuant to Section 1004.24, Florida Statutes, on September 25, 2008. The Program's purpose is to provide comprehensive general liability and professional liability (malpractice) coverage for the University of Central Florida Board of Trustees and students for claims and actions arising from the clinical activities of the College of Medicine, College of Nursing, UCF Health Services, College of Health and Public Affairs, and the Central Florida Clinical Practice Organization, Inc., faculty, staff, and resident physicians. The Program provides legislative claims bill protection.

Prior to October 1, 2011, the Program provided the Board and the Trustees with protection of \$100,000 per claim and \$200,000 for all claims arising from a single occurrence; \$100,000 per claim and \$200,000 for all claims arising from the same occurrence for the acts and omissions of students of the colleges protected by the Program engaged in assigned activities at affiliated hospitals or other healthcare affiliates, and this student professional liability coverage may be increased subject to a \$1,000,000 limit per occurrence if higher limits of liability are required by an affiliated hospital of healthcare affiliate; \$250,000 per occurrence in the event that the personal

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immunity to tort claims as described in Section 768.28(9), Florida Statutes, is inapplicable as to an employee or agent of Trustees while such employee or agent functions within the course and scope of his or her employment or agency; and \$250,000 for employees who act as a Good Samaritan or are engaged in approved Community Service. In response to the Florida Legislature increasing the limits of liability contained in Section 768.28, Florida Statutes, effective October 1, 2011, the limits of protection for entities with sovereign immunity rose to \$200,000 per claim and \$300,000 for all claims arising from a single occurrence. By action of the UCF College of Medicine Self-Insurance Program Council, on March 23, 2012, the student coverage was increased to \$200,000 per claim and \$300,000 from all claims arising from the same occurrence; the \$1,000,000 increased limit was not affected by this action. Under this claims-incurred policy written directly with the Program participants, protection is provided against claims that arise from incidents occurring during the term of the policies irrespective of the time the claim is asserted.

The Self-Insurance Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported. Changes in the balances of claims liability for the Self-Insurance Program during the 2011-12 and 2012-13 fiscal years are presented in the following table:

Fiscal Year Ended	Claims Liabilities Beginning of Year	Current Claims and Changes in Estimates	Claim Payments	Claims Liabilities End of Year
June 30, 2012	\$ 70,715	\$ 29,977	\$ (6,297)	\$ 94,395
June 30, 2013	94,395	(51,092)		43,303

### 13. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

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

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<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 238,675,925
Research	102,808,304
Public Services	8,129,552
Academic Support	55,486,156
Student Services	42,487,065
Institutional Support	81,698,831
Operation and Maintenance of Plant	37,699,467
Scholarships and Fellowships	83,615,196
Depreciation	56,188,801
Auxiliary Enterprises	68,154,938
Loan Operations	309,704
<b>Total Operating Expenses</b>	<b>\$ 775,253,939</b>

#### 14. SEGMENT INFORMATION

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, and liabilities are required to be accounted for separately. The following financial information for the University's Bookstore, Housing, Parking, and Health Services facilities represents identifiable activities for which one or more bonds are outstanding:

**Condensed Statement of Net Position**

	Bookstore Capital Improvement Debt	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Service Capital Improvement Debt
<b>Assets</b>				
Current Assets	\$ 3,063,620	\$ 10,410,409	\$ 10,185,559	\$ 6,447,319
Capital Assets, Net	3,328,648	100,909,308	55,970,445	8,444,707
Other Noncurrent Assets	580,058	26,527,041	17,728,184	3,162,627
<b>Total Assets</b>	<b>6,972,326</b>	<b>137,846,758</b>	<b>83,884,188</b>	<b>18,054,653</b>
<b>Liabilities</b>				
Current Liabilities	240,783	14,771,529	7,428,353	705,398
Noncurrent Liabilities	791,571	107,640,460	39,182,484	5,353,621
<b>Total Liabilities</b>	<b>1,032,354</b>	<b>122,411,989</b>	<b>46,610,837</b>	<b>6,059,019</b>
<b>Net Position</b>				
Net Investment in Capital Assets	2,318,623	3,951,491	19,641,860	3,360,339
Restricted - Expendable	564,436	3,001,307	8,330,987	3,095,741
Unrestricted	3,056,913	8,481,971	9,300,504	5,539,554
<b>Total Net Position</b>	<b>\$ 5,939,972</b>	<b>\$ 15,434,769</b>	<b>\$ 37,273,351</b>	<b>\$ 11,995,634</b>



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

	Bookstore Capital Improvement Debt	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Service Capital Improvement Debt
Operating Revenues	\$ 1,556,287	\$ 24,733,117	\$ 18,746,147	\$ 17,081,236
Depreciation Expense	(188,928)	(3,669,678)	(2,068,269)	(515,390)
Other Operating Expenses	(400,888)	(14,208,368)	(11,906,310)	(13,864,793)
<b>Operating Income</b>	<b>966,471</b>	<b>6,855,071</b>	<b>4,771,568</b>	<b>2,701,053</b>
Nonoperating Revenues (Expenses):				
Nonoperating Revenue	74,183	830,190	825,313	207,792
Interest Expense	(65,520)	(3,907,907)	(1,588,401)	(259,827)
Other Nonoperating Expense	(5,387)	(139,053)	(53,586)	(6,295)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>3,276</b>	<b>(3,216,770)</b>	<b>(816,674)</b>	<b>(58,330)</b>
<b>Income Before Other Revenues, Expenses, Gains, or Losses</b>	<b>969,747</b>	<b>3,638,301</b>	<b>3,954,894</b>	<b>2,642,723</b>
Other Revenues, Expenses, Gains, or Losses	(1,461,218)	(1,695,175)	(1,267,209)	(855,563)
<b>Increase (Decrease) in Net Position</b>	<b>(491,471)</b>	<b>1,943,126</b>	<b>2,687,685</b>	<b>1,787,160</b>
Net Position, Beginning of Year	6,431,443	13,491,643	34,585,666	10,208,474
<b>Net Position, End of Year</b>	<b>\$ 5,939,972</b>	<b>\$ 15,434,769</b>	<b>\$ 37,273,351</b>	<b>\$ 11,995,634</b>

**Condensed Statement of Cash Flows**

	Bookstore Capital Improvement Debt	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Service Capital Improvement Debt
Net Cash Provided (Used) by:				
Operating Activities	\$ 1,162,696	\$ 10,282,187	\$ 7,430,054	\$ 3,053,269
Noncapital Financing Activities	(1,739,637)	(2,459,985)	(1,126,425)	(1,224,890)
Capital and Related Financing Activities	(294,663)	(34,602,912)	655,374	(752,296)
Investing Activities	134,557	22,211,936	(9,187,825)	(2,041,691)
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(737,047)</b>	<b>(4,568,774)</b>	<b>(2,228,822)</b>	<b>(965,608)</b>
Cash and Cash Equivalents, Beginning of Year	1,102,673	7,081,793	4,075,474	1,878,500
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 365,626</b>	<b>\$ 2,513,019</b>	<b>\$ 1,846,652</b>	<b>\$ 912,892</b>

**15. BLENDED COMPONENT UNITS**

The University has two blended component units as discussed in note 1. The following financial information is presented for the University's blended component units:

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
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<b>Condensed Statement of Net Position</b>						
	<b>Blended Component Units</b>		<b>Total</b>	<b>University</b>	<b>Eliminations</b>	<b>Total</b>
	<b>UCF Finance Corporation</b>	<b>University of Central Florida College of Medicine Self-Insurance Program</b>	<b>Blended Component Units</b>			<b>Primary Government</b>
<b>Assets:</b>						
Current Assets	\$ 4,094,120	\$ 3,424,062	\$ 7,518,182	\$ 461,100,790	\$	\$ 468,618,972
Capital Assets, Net				869,178,774		869,178,774
Due From University/Blended Component Unit	50,623,513		50,623,513		(50,623,513)	
Other Noncurrent Assets	2,508,433		2,508,433	107,907,526		110,415,959
<b>Total Assets</b>	<b>57,226,066</b>	<b>3,424,062</b>	<b>60,650,128</b>	<b>1,438,187,090</b>	<b>(50,623,513)</b>	<b>1,448,213,705</b>
<b>Deferred Outflows of Resources</b>	<b>11,583,087</b>		<b>11,583,087</b>			<b>11,583,087</b>
<b>Liabilities:</b>						
Current Liabilities	1,456,044	43,303	1,499,347	78,107,172		79,606,519
Due to University/Blended Component Unit				50,623,513	(50,623,513)	
Other Noncurrent Liabilities	66,963,087		66,963,087	232,196,642		299,159,729
<b>Total Liabilities</b>	<b>68,419,131</b>	<b>43,303</b>	<b>68,462,434</b>	<b>360,927,327</b>	<b>(50,623,513)</b>	<b>378,766,248</b>
<b>Net Position:</b>						
Net Investment in Capital Assets				681,398,539		681,398,539
Restricted - Expendable	6,162,839		6,162,839	120,457,301		126,620,140
Unrestricted	(5,772,817)	3,380,759	(2,392,058)	275,403,923		273,011,865
<b>Total Net Position</b>	<b>\$ 390,022</b>	<b>\$ 3,380,759</b>	<b>\$ 3,770,781</b>	<b>\$ 1,077,259,763</b>	<b>\$</b>	<b>\$ 1,081,030,544</b>

<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>						
	<b>Blended Component Units</b>		<b>Total</b>	<b>University</b>	<b>Eliminations</b>	<b>Total</b>
	<b>UCF Finance Corporation</b>	<b>University of Central Florida College of Medicine Self-Insurance Program</b>	<b>Blended Component Units</b>			<b>Primary Government</b>
Operating Revenues	\$	\$ 201,936	\$ 201,936	\$ 435,463,278	\$ (201,936)	\$ 435,463,278
Depreciation Expense				(56,188,801)		(56,188,801)
Other Operating Expenses	(190,014)	(19,740)	(209,754)	(718,855,384)		(719,065,138)
<b>Operating Income (Loss)</b>	<b>(190,014)</b>	<b>182,196</b>	<b>(7,818)</b>	<b>(339,580,907)</b>	<b>(201,936)</b>	<b>(339,790,661)</b>
<b>Nonoperating Revenues (Expenses):</b>						
Nonoperating Revenue	3,105,404	5,863	3,111,267	350,558,963	(3,475,967)	350,194,263
Interest Expense	(2,537,813)		(2,537,813)	(5,864,423)		(8,402,236)
Other Nonoperating Expense	(387,680)		(387,680)	(27,452,339)	4,677,903	(23,162,116)
<b>Net Nonoperating Revenues</b>	<b>179,911</b>	<b>5,863</b>	<b>185,774</b>	<b>317,242,201</b>	<b>1,201,936</b>	<b>318,629,911</b>
<b>Other Revenues, Expenses, Gains, and Losses</b>				<b>10,291,667</b>		<b>10,291,667</b>
<b>Increase (Decrease) in Net Position</b>	<b>(10,103)</b>	<b>188,059</b>	<b>177,956</b>	<b>(12,047,039)</b>	<b>1,000,000</b>	<b>(10,869,083)</b>
Net Position, Beginning of Year	400,125	2,192,700	2,592,825	1,089,306,802		1,091,899,627
Capital Contribution		1,000,000	1,000,000		(1,000,000)	
<b>Net Position, End of Year</b>	<b>\$ 390,022</b>	<b>\$ 3,380,759</b>	<b>\$ 3,770,781</b>	<b>\$ 1,077,259,763</b>	<b>\$</b>	<b>\$ 1,081,030,544</b>

**UNIVERSITY OF CENTRAL FLORIDA**  
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

	Condensed Statement of Cash Flows			University	Eliminations	Total Primary Government
	Blended Component Units UCF Finance Corporation	University of Central Florida College of Medicine Self- Insurance Program	Total Blended Component Units			
Net Cash Provided (Used) by:						
Operating Activities	\$ (191,200)	\$ 82,985	\$ (108,215)	\$(271,468,625)	\$ (207,690)	\$(271,784,530)
Noncapital Financing Activities				315,185,381	4,854,255	320,039,636
Capital and Related Financing Activities	(78,584)	1,000,000	921,416	(66,811,574)	(4,646,565)	(70,536,723)
Investing Activities	18,000	5,863	23,863	(29,387,635)		(29,363,772)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(251,784)	1,088,848	837,064	(52,482,453)		(51,645,389)
Cash and Cash Equivalents, Beginning of Year	6,610,851	2,330,135	8,940,986	99,114,709		108,055,695
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$6,359,067</b>	<b>\$ 3,418,983</b>	<b>\$9,778,050</b>	<b>\$ 46,632,256</b>	<b>\$</b>	<b>\$ 56,410,306</b>

#### 16. DISCRETELY PRESENTED COMPONENT UNITS

The University has six 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:

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JUNE 30, 2013

**Condensed Statement of Net Position**

	Direct-Support Organizations				Total	Other	Total
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	Golden Knights Corporation	Central Florida Clinical Practice Organization, Inc.	
<b>Assets:</b>							
Current Assets	\$ 21,842,033	\$ 8,950,407	\$ 3,405,399	\$ 20,089,092	\$ 1,462,555	\$ 578,303	\$ 56,327,789
Capital Assets, Net	80,062,990		16,372,136	174,084,059	49,864,979	467,220	320,831,384
Other Noncurrent Assets	161,865,307	404,526		21,108,509	10,383,134		193,761,476
<b>Total Assets</b>	<b>263,770,330</b>	<b>9,354,933</b>	<b>19,777,535</b>	<b>215,281,660</b>	<b>61,710,668</b>	<b>1,045,523</b>	<b>570,920,649</b>
<b>Liabilities:</b>							
Current Liabilities	5,547,050	5,869,103	10,743,192	11,324,675	3,243,485	820,560	37,548,065
Noncurrent Liabilities	31,431,962		10,963,596	216,393,137	53,025,270		311,813,965
<b>Total Liabilities</b>	<b>36,979,012</b>	<b>5,869,103</b>	<b>21,706,788</b>	<b>227,717,812</b>	<b>56,268,755</b>	<b>820,560</b>	<b>349,362,030</b>
<b>Net Position:</b>							
Net Investment in Capital Assets	51,462,909		9,301,917	(39,546,741)	(2,733,954)	467,220	18,951,351
Restricted	160,602,978	477,403		24,648,081	8,371,340		194,099,802
Unrestricted	14,725,431	3,008,427	(11,231,170)	2,442,508	(195,473)	(242,257)	8,507,466
<b>Total Net Position</b>	<b>\$ 226,791,318</b>	<b>\$ 3,485,830</b>	<b>\$ (1,929,253)</b>	<b>\$ (12,456,152)</b>	<b>\$ 5,441,913</b>	<b>\$ 224,963</b>	<b>\$ 221,558,619</b>



UNIVERSITY OF CENTRAL FLORIDA  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

	Direct-Support Organizations				Total	Other	Total
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	Golden Knights Corporation	Central Florida Clinical Practice Organization, Inc.	
Operating Revenues	\$ 45,860,719	\$ 4,908,124	\$ 36,539,577	\$ 28,555,552	\$ 2,830,826	\$ 1,414,462	\$ 120,109,260
Operating Expenses	(33,759,133)	(4,799,741)	(35,922,957)	(18,215,381)	(2,610,644)	(1,327,114)	(96,634,970)
<b>Operating Income</b>	12,101,586	108,383	616,620	10,340,171	220,182	87,348	23,474,290
Net Nonoperating Revenues (Expenses)	6,329,684	(11,924,505)	(1,676,633)	(11,116,679)	(147,829)	(194,447)	(18,730,409)
Other Revenues, Expenses, Gains, and Losses	2,314,942						2,314,942
<b>Increase (Decrease) in Net Position</b>	20,746,212	(11,816,122)	(1,060,013)	(776,508)	72,353	(107,099)	7,058,823
Net Position, Beginning of Year	206,045,106	15,301,952	(869,240)	(11,679,644)	5,369,560	332,062	214,499,796
<b>Net Position, End of Year</b>	\$ 226,791,318	\$ 3,485,830	\$ (1,929,253)	\$ (12,456,152)	\$ 5,441,913	\$ 224,963	\$ 221,558,619

UNIVERSITY OF CENTRAL FLORIDA  
OTHER REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS –  
OTHER POSTEMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)/(c)]
7/1/2007	\$	\$ 52,106,000	\$ 52,106,000	0%	\$ 255,646,117	20.4%
7/1/2009		83,256,000	83,256,000	0%	255,712,129	32.6%
7/1/2011		118,673,000	118,673,000	0%	280,490,639	42.3%

Note: (1) The entry-age cost actuarial method was used to calculate the actuarial accrued liability.

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**UNIVERSITY OF CENTRAL FLORIDA  
OTHER REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN**

The July 1, 2011, unfunded actuarial liability of \$118,673,000 was significantly higher than the July 1, 2009, liability of \$83,256,000 as a result of changes in the methodology used by the actuary to calculate this liability. The most significant modifications were due to changes in the long-term trend model, an increase in the coverage election assumption, and the passage of the Patient Protection and Affordable Care Act.



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

### Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Central Florida, 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, 2013, 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 4, 2014, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the blended and aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control Over Financial Reporting

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

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

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



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** is solely to describe the scope of our testing of internal control and compliance and the result 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 report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in blue ink, reading "David W. Martin".

David W. Martin, CPA  
Tallahassee, Florida  
March 4, 2014

ITEM: INFO-5

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** Bloomberg Terminal Fee Discussion

**DATE:** April 3, 2014

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For information only.

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** Refinancing of the UCF Convocation Corporation Series 2004A Certificates of Participation

**DATE:** April 3, 2014

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**BACKGROUND INFORMATION**

In 2004, \$68,860,000 in certificates of participation was issued through the UCF Athletic Association and subsequently transferred to the UCF Convocation Corporation. The first opportunity to refinance the certificates occurs in 2014. The current principal balance is \$58,290,000. The Government Finance Officers Association uses a refinancing threshold of 3 percent of the debt to be refunded. The Division of Bond Finance uses a savings threshold of 5 percent. A projected net savings of approximately 5 percent could be achieved through refinancing this debt.

Refinancing alternatives currently are being explored. One alternative, which would eliminate the need for a debt service reserve fund, would be through a 20-year-fixed-rate bank loan. Other alternatives, such as traditional revenue bonds or certificates of participation, will be considered if the 20-year-fixed-rate bank loan option does not prove beneficial. UCFCC will refinance through the alternative that yields the best overall savings.

ITEM: INFO-7

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** Colbourn Hall Renovations

**DATE:** April 3, 2014

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For information only.



ITEM: INFO-8

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** Invitation to Negotiate for a Hotel and Conference Center

**DATE:** April 3, 2014

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For information only.

ITEM: INFO-9

**University of Central Florida  
Board of Trustees  
Finance and Facilities Committee**

**SUBJECT:** Global Academy Facilities Update

**DATE:** April 3, 2014

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For information only.