



June 28, 2023 Budget and Finance Committee

Board of Trustees

Live Oak Event Center / Virtual

Jun 28, 2023 10:00 AM - 11:00 AM EDT

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**Board of Trustees Meeting
Budget and Finance Committee
June 28, 2023, 10:00 a.m. – 11:00 a.m.
Live Oak Event Center | UCF Main Campus**

Livestream: <https://www.youtube.com/watch?v=4R7eRum-Glw>

Conference Call Number: 1 (929) 205-6099 | Meeting ID: 916 9962 4851 | Passcode: 874420

AGENDA

1. Call to Order and Welcome
Harold Mills, *Chair, Budget and Finance Committee*
2. Roll Call
Carmen Jarquin, *Administrative Coordinator, Administration and Finance*
3. Minutes of the February 23, 2023, meeting
Chair Mills
4. Action (55-minutes)
 - BUDC – 1
Proposed 2023-2024 University Operating Budget and Spending Authority
Gerald Hector, *Senior Vice President for Administration and Finance*
Kim Banks, *Senior Assistant Vice President for Budget Planning and Analysis*
 - BUDC – 2
Proposed 2023-2024 Direct Support Organization/Related Entity Operating Budgets
Gerald Hector
Christy Tant, *Assistant Vice President for DSO Accounting and Reporting*
 - BUDC – 3
Renewal of Reducing Revolving Line of Credit – Fifth Third Bank
Gerald Hector
Terry Donovan, *Executive Senior Associate Athletics Director and Chief Financial Officer for UCFAA*
 - BUDC – 4
UCF Stadium Corporation Release of Unrestricted Surplus
Gerald Hector
Terry Donovan



- | | | |
|----------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | BUDC – 5 | UCF Parking Bonds Early Defeasance
Gerald Hector
Bert Francis, <i>Assistant Vice President for Debt Management and University Treasurer</i> |
| | BUDC – 6 | University Investment Program Structure Update
Gerald Hector
Bert Francis |
| 5. Information (5-minutes) | | |
| | INFO – 1 | University Investment Report – 3 rd Quarter, Ended March 31, 2023
Gerald Hector
Bert Francis |
| | INFO – 2 | University Operating Budget Report – 3 rd Quarter, Ended March 31, 2023 with Estimated Projections through June 30, 2023
Gerald Hector
Danta White, <i>Senior Assistant Vice President and University Controller</i> |
| | INFO – 3 | Direct Support Organizations' (DSO) Financial Reports – 3 rd Quarter, Ended March 31, 2023
Gerald Hector
Christy Tant |
| | INFO – 4 | Final University Audited Statements Report
Gerald Hector
Danta White |
| | INFO – 5 | On-Campus Housing Rental Rates
Adrienne Frame, <i>Vice President for Student Well-Being and Engagement</i> |
| 6. New Business | | Chair Mills |
| 7. Adjournment | | Chair Mills |



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees Meeting
Budget and Finance Committee
February 23, 2023
Live Oak Event Center | UCF Main Campus

MINUTES

CALL TO ORDER

Trustee Harold Mills, chair of the Budget and Finance Committee, called the meeting to order at 2:30 p.m. Committee members Tiffany Altizer, Rick Cardenas, Bill Christy, Jeff Condello, and Michael Okaty were present.

Other trustees attending included Board Chair Alex Martins, Stephen King, and Caryl McAlpin.

MINUTES

The minutes of the November 16, 2022, Budget and Finance Committee meeting were unanimously approved as submitted.

REPORTS

DISC – 1 SVP Update

Gerald Hector, Senior Vice President for Administration and Finance, provided the committee with an update on major accomplishments since the last meeting.

- The Adaptive Planning system has been utilized to capture preliminary data for the 2023- 2024 budget. The university will be able to do multi-year budgeting and forecasting along with cash and liquidity management inside the system, including the Direct Support Organizations (DSOs).
- New short term cash flow management strategy was completed in December with a \$20 million initial investment. The balance as of January 20, 2023 was \$203 million with \$181 million at the SPIA floor level.
- Q2 reporting for all Direct Support Organizations and main campus completed.
- Put strategic emphasis in place around Strategic Sourcing for purchasing, the continued enhancement of our shared services model, and the immersion of the Direct Support Organizations into our base operations.

- Recalibrated the role of the Controller by aligning functions that were dispersed to collapse them under a single point of responsibility like our SUS peers.

Hector next provided a more detailed update on the status of the Higher Education Relief Funds (HEERF), Workday, Adaptive, and Budget Planning.

ACTION

BUDC – 1 Operating Budgets for Auxiliary Facilities with Bonded Debt

Bert Francis, Assistant Vice President for Debt Management and University Treasurer, presented the Operating Budgets for Auxiliary Facilities with Bonded Debt for approval. Francis stated that both budgets will maintain adequate cash reserves to satisfy bond covenants.

Trustee Christy made a motion to approve the Operating Budgets for Auxiliary Facilities with Bonded Debt. Trustee Altizer seconded the motion. The motion was unanimously approved.

DISCUSSION

DISC-2 Draft University Audited Financial Statements Report

Hector presented for discussion the Draft University Audited Financial Statements Report. Hector shared that we have a clean audit with no findings and all prior year findings have also been cleared. Danta White, Senior Assistant Vice President and University Controller, stated that the audit is expected to be completed and the final report issued in March.

INFORMATION

Five information items were included in the committee's meeting materials: 1) University Investment Report – 2nd Quarter, Ended December 31, 2022, 2) University Operating Budget Report – 2nd Quarter, Ended December 31, 2022, 3) Direct Support Organizations' (DSO) Financial Reports – 2nd Quarter, Ended December 31, 2022, 4) University and Direct Support Organizations Debt Report, and 5) Fixed Capital Outlay Budget Update.

NEW BUSINESS

The committee had no new business to discuss.

ADJOURNMENT

Chair Mills adjourned the Budget and Finance Committee meeting at 3:22 p.m.

Reviewed by:

Harold Mills
Chair, Budget and Finance Committee

Date

Respectfully submitted:

Michael A. Kilbride
Associate Corporate Secretary

Date



Board of Trustees Budget and Finance Committee | June 28, 2023

BUDC-1: Proposed 2023-2024 University Operating Budget and Spending Authority

Information

Discussion

Action

Meeting Date for Upcoming Action: June 29, 2023

Purpose and Issues to be Considered:

Per Board of Governors regulation 9.007 (*State University Operating Budgets and Requests*), each university board of trustees shall adopt an operating budget, including an E&G Carryforward Spending Plan, for the general operation of the university as prescribed by the regulations of the Board of Governors. The university board of trustees-ratified operating budget and E&G Carryforward Spending Plan must be presented to the Board of Governors for approval by a date established by the Chancellor.

Background Information:

The proposed spending authority (operating budget) outlines the sources of funds (by colors of money) that will be utilized to operate the campus for the upcoming fiscal year. The document must be approved by the Board of Trustees before being sent to the Board of Governors. The university is then bound by the limits set forth in the document and can only be changed by formal action of the university's Board of Trustees.

With the implementation of the Adaptive Planning and Workday systems, the university is presenting the FY2023-2024 budget in the "sources" and "uses" format. Additionally, the budget is cast in the new RCM (Responsibility Centered Management) budget model. The model captures the Responsibility Centers (colleges and revenue-generating programs) and the distribution of resources to the central and auxiliary units of the remainder of the university.

Attachment A to this memorandum is the RCM budget model summarization that is accompanied by footnote narratives for Board of Trustees members to acquaint themselves with the new budget model and what categories of expenses by the color of money will be utilized to operate the university for the upcoming fiscal year.

Attachment B is the current spending authority that the Board of Trustees has been approving for several years. This format remains for the FY2023-2024 budget submission and has the formal request from the BOT for \$2.1 billion in spending authority. The budget will be balanced to this total.

Attachment C is a combined snapshot of the university's budget combined with the proposed FY2023-2024 budgets for UCF's eight Direct Support Organizations (DSOs). This is a management document for the purposes of illustration and discussion. This depiction provides for the Board of Trustees a comprehensive view of all the "sources" and "uses" of the university, our auxiliary units, and the Direct Support Organizations that contribute to the university on an annual basis.



It is important to note that the attached budget schedules should be read in conjunction with the associated narratives to get a clear picture of all the variables and assumptions made in the budget.

Recommended Action:

Recommend approval of the spending authority and preliminary budgets as presented.

Alternatives to Decision:

Decline to recommend approval of the spending authority and preliminary budgets as presented and request revision.

It should be noted that declining to approve will impact the university's ability to submit a Board of Trustees approved budget to the Board of Governors by the due date set by the Chancellor.

Fiscal Impact and Source of Funding:

Source of funding for the operations of the university and some of its Direct Support Organizations that are directly related to it.

Authority for Board of Trustees Action:

BOG Regulation 9.007

Contract Reviewed/Approved by General Counsel N/A

Committee Chair or Chair of the Board has approved adding this item to the agenda

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

Attachment A: Preliminary UCF RCM Budget

Attachment B: Proposed 2023-2024 Spending Authority

Attachment C: Comprehensive FY2023-2024 Proposed University Budget

Facilitators/Presenters:

Gerald Hector

Kim Banks, Senior Assistant Vice President for Budget, Planning and Analysis

Sources

This section of the financial operating plan provides detailed information on the categories of revenue sources that supports the FY2024 operations. The final summary can be found below.

	Responsibility Centers	Central Support Units	Auxiliary Self-Supporting Units	DSO and Other Agency Units	FY24 Total University	FY23 Total University
Sources						
Tuition and Fees	333,558,503	116,760,037	28,367,710	22,913,747	501,599,997	499,212,212
State Appropriations	429,752,610	39,235,606	-	938,539	469,926,755	399,376,358
Operating Revenues	241,826,799	624,042,574	49,727,531	60,507,940	976,104,844	963,590,462
Non-Operating Revenues	18,444,231	38,752,415	3,763,000	4,990,050	65,949,696	60,854,171
Total Sources	1,023,582,143	818,790,632	81,858,241	89,350,276	2,013,581,292	1,923,033,203

Tuition and Fees (Gross) -> \$502 Million:

This category of revenues for the university includes charges made for all tuition and fees. It covers both regular tuition and fees and those associated with market-driven programs. It is presented gross in this category; however, for economic impact during the fiscal year, it is netted against waivers of **\$36 million** and need-based financial aid of **\$39 million**. The total FY2024 represents an increase of \$2.4 million (0.5%) over the prior year. This preliminary increase is estimated based on enrollment projections as of a snapshot provided by our IKM office. This number is subject to change when the final budget is presented in September after enrollment is finalized and seated.

Tuition and fees per student are set by the State of Florida legislature. They have not increased over the past decade.

The major categories of preliminary tuition and fee revenues are as follows:

- Tuition and Fees (all categories) **\$362 million**
- Athletics Fees **\$ 23 million**
- Student Activities Fees **\$ 19 million**
- Student Health Services **\$ 18 million**
- Student Financial Aid **\$ 17 million**
- Parking **\$ 15 million**
- Distance Learning Fees **\$ 15 million**
- Technology Fee **\$ 9 million**
- Continuing Education **\$ 8 million**
- Materials Supplies and Equipment **\$ 7 million**
- Executive Development Center **\$ 5 million**
- UCF Global **\$ 4 million**

State Appropriations -> \$470 Million:

This source of funds is appropriated from the State of Florida legislature to operate the university. It is one of the two funding elements that make up our Education and General (E&G) allocations. Tuition and fees noted about is the other element that completes our E&G allotment each year. This year's state appropriations will be funded in the following manner:

- General Revenue **\$377 million**
- Lottery **\$ 93 million**

The total appropriations for FY2024 of \$470 million represent a \$72 million (18%) increase over the prior year. The increase represents funds earmarked for targeted programs in the STEM and Nursing disciplines. There is also non-recurring support for specific projects. Below is a breakdown of the increases from the prior year.

State Appropriations	2022-23	2023-24	Net Increase
Recurring Allocations			
Nursing Education (PIPELINE)	6,930,558	7,636,495	705,937
UCF Operational support restricted to STEM fields	20,000,000	40,000,000	20,000,000
Non-recurring Allocations			
UCF Operational support	-	10,000,000	10,000,000
UCF Institute for Risk Management & Insurance Education	-	5,840,050	5,840,050
UCF Post Traumatic Stress Disorder Clinic (RESTORES)	515,000	1,000,000	485,000
Individualized Readability Research Pilot	-	1,000,000	1,000,000
College of Medicine Immunotherapy Project	-	500,000	500,000
Performance Funding Increase**	-	9,669,640	9,669,640
Recruitment and Retention Incentive**	-	12,500,000	12,500,000
Change UCF Community School Grant Program to E&G			
Transfer of the Community School Grant Program from State Grants/K-12 Program to Community School Grant Programs	-	7,180,571	7,180,571
Community School Grant Program Workload	-	3,819,429	3,819,429
2023-24 net increase in State Appropriations	27,445,558	99,146,185	71,700,627

** As of June 16th, this total was listed as a part of the Board of Governors June meeting where it will be voted upon. We anticipate that this funding item will be adopted.

Operating Revenues -> \$976 Million

This source of funding comprises several categories. Each category is explained in detail below.

Federal, State and Private Student Financial Aid -> \$503 Million:

This source category accounts for financial aid received by our students. The major categories of student financial aid include the following:

- Title IV Programs **\$310 million**
- Bright Futures **\$127 million**
- Other State Aid **\$ 34 million**
- Private Student Loans **\$ 32 million**

The total of \$503 million for this source category is a decrease of \$3 million (0.5%) from the prior year. The decrease is a net effect of a decrease in Title IV funds of \$17 million, and increase in Bright Futures of \$9 million, and small increases in Other State Aid and Private Student Loans.

It should be noted that much of this category is a passthrough as the funds follow the students to the university. This budgeted amount is managed by the Office of Financial Aid and is utilized to provide financial aid for students to matriculate at the university. For this reason, variances from year to year can be large, but they do not materially impact our financial bottom line because changes on the revenue side mirror the expense side.

Contracts and Grants -> \$232 Million:

This source of funds includes federal, state, local and private contracts that advance the university's research enterprise. All these funds are overseen by the Office of Research, with grants being executed by our colleges and select units. The total is a decrease of \$39 million (14%) from the prior year and is related primarily to the HEERF (Higher Education Emergency Relief Fund) grant substantially ending June 30, 2023. In the current year's budget, there was a budgeted total of \$70 million. That will not recur. The offset pertains to new grants received and expended during the FY2024 fiscal year.

This category of our Sources is unique in that it has several ways in which revenues are recorded. Regarding federal grants, we can only recognize revenues to the extent that we have expended the funds. Therefore, history plays a huge role in what is budgeted in this category. It also includes the indirect cost recovery we are entitled to for administering several federal grants. Like the student financial aid category above, variances are expected against budget, and year over year.

Sales and Services -> \$180 Million:

This source of funds represents resources earned from auxiliary-type activities. Activities such as housing, parking and transportation, UCF Bookstore, and Business Services are the larger auxiliary enterprises on campus. They are self-supporting operations and do not rely on other revenue sources to carry out their missions. The preliminary increase for FY2024 is approximately \$21 million (13%) and is related to inflationary increases to cover costs, and unique to the College of Medicine we are adding more residents and trainees in the Graduate Medical Education program that equates to increased revenues of approximately \$4 million.

A breakdown of the major categories in auxiliaries is as follows:

- Graduate Medical Education **\$53 million**
- UCF IT (e.g., TPC and Telecom) **\$42 million**
- Housing and Residence Life **\$29 million**
- Facilities and Utilities **\$11 million**
- Business Services **\$ 8 million**
- Parking and Transportation **\$ 8 million**
- Student Health Services **\$ 5 million**

Direct Support Organization Operating Revenues -> \$61 Million:

Athletics revenue of \$61 million is also reported here, resulting primarily from ticket sales, conference distributions, and sponsorships.

Non-operating Revenues -> \$66 Million:

This source is primarily made up of interfund transfers and ancillary revenues to the institution. It includes sources such as \$4 million in investment income, rent for university-owned property in Research Park, lease revenue from the EBS Spectrum lease with T-Mobile, cell tower rents, conference revenues throughout campus, the timing of revenue recognition for amortization of Aramark dining's capital investment, and other miscellaneous activities. This amount also includes \$29 million in interfund transfer revenues which include items such as auxiliary overhead and research overhead allocations.

Uses

This section of the financial operating plan provides detailed information on the categories of uses of funds that supports the FY2024 operations. The final summary can be found below.

	Responsibility Centers	Central Support Units	Auxiliary Self-Supporting Units	DSO and Other Agency Units	FY24 Total University	FY23 Total University
Compensation Expense	528,477,148	311,870,641	24,768,573	40,649,184	905,765,546	837,811,649
Operating Expenses	204,161,640	829,129,974	25,297,716	47,514,764	1,106,104,094	1,034,061,219
Non-Operating Expenses	29,171,208	19,693,757	36,137,047	17,720,815	102,722,827	78,166,661
Total Uses	761,809,996	1,160,694,372	86,203,336	105,884,763	2,114,592,467	1,950,039,529

Compensation and Benefits -> \$906 Million:

This spending category covers all university employees' compensation and benefits regardless of the "color of money" (i.e., E&G, C&G, Auxiliary, and Other). This category of spending accounts for sixty percent plus of our expenditures on an annual basis after student financial aid and waivers are accounted for. A breakdown of the "colors of money" for this category of expenses is as follows:

- Education and General (E&G) **\$587 million**
- Auxiliary **\$153 million**
- Contracts and Grants **\$112 million**
- DSO and Athletics **\$ 41 million**
- Student Activities **\$ 10 million**
- Student Financial Aid **\$ 3 million**

Operating Expenses -> \$1.1 Billion

Service and Supplies -> \$387 Million:

This category of spending covers costs associated with the non-salaried operations of the university regardless of the color of money. The major expenditures in this category are as follows:

- Professional Services and Fees **\$138 million**
- Information Technology **\$ 57 million**
- Repairs and Maintenance **\$ 47 million**
- Operating Services and Supplies **\$ 45 million**
- Resale Services and Supplies **\$ 30 million**
- Facilities Rent **\$ 24 million**

- Furniture & Equipment **\$ 18 million**
- Travel **\$ 14 million**
- Insurance **\$ 8 million**
- Other **\$ 6 million**

With this category of spending, we continue find ways to consolidate and reduce spend through economies of scale. We have already embarked on a pilot project to adopt Strategic Sourcing principles around our procurement practices. This move is in keeping with our strategic plan's efforts to find efficiencies and effectiveness in our business processes to save and redirect funding to our core academic mission.

Utilities and Communications -> \$47 Million:

This category of spending covers costs associated with utilities, including electricity, gas, water, phones, and internet. We expect to continue seeing an increase in our utility rates for the upcoming fiscal year. We have estimated an increase of approximately 17% for this budget period. Our Facilities area is exploring ways we can mitigate the vagaries of our costs for utilities. We have our own central plant, but with increasing gas prices, we must manage our way through this current phase. Through our sustainability programs, we will engage the campus on ways we can save on electricity by turning off lights, setting thermostats, and other small tips to assist with lowering our costs across the campus.

Scholarships, Fellowships and Other Student Financial Aid -> \$614 Million:

This category of spending is the other side of the Federal and State Student Financial Aid, as noted in the Sources above. It represents all aid awarded to students for each year's fall, spring, and summer semesters. There is a slight difference due to the timing of aid awards and amounts based on historical averages of primarily summer enrollment.

Waivers -> \$36 Million:

This spending category represents the revenue foregone by waiving (discounting) the tuition and fees to attend the university. This total is eventually combined with the tuition and fees revenues in the Sources section, resulting in net tuition revenue and fees. This is an important fact because the net tuition revenue and fees directly correlate to our cash flows on an annual basis. This includes state-mandated waivers of \$23 million and university-designated waivers of \$13 million.

We have formed a Strategic Enrollment Committee that will allow us to model and leverage these dollars better going forward. The premise there is to grow net tuition revenue at the university by disbursing financial aid more strategically. This is in its nascent stages and we hope to look at this in a five year rolling model for future benefit and budget certainty around financial aid and net tuition revenue planning.

Non-Operating Expenses -> \$103 Million:

Interfund Transfer Expense -> \$29 Million

Funding transfers within the University such as auxiliary overhead and research overhead allocations.

Capital Assets and Construction -> \$28 Million:

Construction and Capitalized Asset purchases in the following units:

- Housing **\$ 7 million**
- Parking **\$ 6 million**
- Library Resources **\$ 6 million**
- Business Services **\$ 4 million**
- Academic Colleges/Units **\$ 3 million**
- UCF IT **\$ 2 million**

Debt Service -> \$14 Million:

This spending category represents the principal and interest payments for debt associated with housing, parking, transportation, and related bonds. These two auxiliary units are the only ones that carry outstanding debt on the university's books. All other debt is carried by Direct Support Organizations (UCFAA, UCFSC, UCFCC, and UCFFC).

These principal and interest payments are set by outstanding debt and their respective amortization schedules.

Other Non-Operating Expenses -> \$32 Million:

This category of spending represents expenditures that are not standard or houses offsets for initiatives that are still being ramped up, but for purposes of building the budget, they are accounted for in the total. Some of the larger examples of other items noted in this category are as follows:

- Rent payment to Finance Corp for Burnett **\$ 4 million**
- Foundation support for specific programs **\$ 3 million**
- Florida High Tech Corridor matching **\$ 2 million**
- CECS Research Overhead **\$ 1 million**
- Tech fee project close out **\$ 1 million**

Sources and Uses
All Main University Operating Budget Entities

	Responsibility Centers	Central Support Units	Auxiliary Self- Supporting Units	DSO and Other Agency Units	FY24 Total University	FY23 Total University
Sources						
Tuition and Fees	333,558,503	116,760,037	28,367,710	22,913,747	501,599,997	499,212,212
State Appropriations	429,752,610	39,235,606	-	938,539	469,926,755	399,376,358
Operating Revenues	241,826,799	624,042,574	49,727,531	60,507,940	976,104,844	963,590,462
Non-Operating Revenues	18,444,231	38,752,415	3,763,000	4,990,050	65,949,696	60,854,171
Total Sources	1,023,582,143	818,790,632	81,858,241	89,350,276	2,013,581,292	1,923,033,203
Uses						
Compensation Expense	528,477,148	311,870,641	24,768,573	40,649,184	905,765,546	837,811,649
Operating Expenses	204,161,640	829,129,974	25,297,716	47,514,764	1,106,104,094	1,034,061,219
Non-Operating Expenses	29,171,208	19,693,757	36,137,047	17,720,815	102,722,827	78,166,661
Total Uses	761,809,996	1,160,694,372	86,203,336	105,884,763	2,114,592,467	1,950,039,529
Net from Operations	261,772,147	(341,903,740)	(4,345,095)	(16,534,487)	(101,011,175)	(27,006,326)
Central Support Unit Costs	(286,505,939)	275,904,906	-	10,601,033	-	-
Participation Fee	(101,751,111)	-	-	-	(101,751,111)	(116,922,041)
Net After Allocated Charges	(126,484,903)	(65,998,834)	(4,345,095)	(5,933,454)	(202,762,286)	(143,928,367)
(Generation)/ Utilization of Fund Balance	24,733,792	65,998,834	4,345,095	5,933,454	101,011,175	27,006,326
Subvention	101,751,111	-	-	-	101,751,111	116,922,041
Net Unfunded Operations after Subvention and Reserves	-	-	-	-	-	-

*Athletic fee revenues and Title IX transfer are being reported under Athletics for presentation purposes

Attachment B

University of Central Florida Preliminary Spending Authority Fiscal Year 2023-24

	FY 2022-23 Spending Authority	FY 2023-24 Spending Authority	Increase/ (Decrease)	% Change
E&G Main¹	\$ 690,440,416	\$ 735,339,845	\$ 44,899,429	6.5%
E&G College of Medicine²	50,161,611	48,630,720	(1,530,891)	-3.1%
E&G Florida Center for Students with Unique Abilities Contracts and Grants³	8,984,565	8,984,565	-	0.0%
Auxiliaries⁴	303,612,443	267,563,180	(36,049,263)	-11.9%
Local Funds	326,938,434	348,874,037	21,935,603	6.7%
Student Activities⁵	27,405,922	39,095,224	11,689,302	42.7%
Student Financial Aid⁶	604,626,432	552,368,354	(52,258,078)	-8.6%
Concessions	800,000	800,000	-	0.0%
Intercollegiate Athletics⁷	83,973,018	80,480,046	(3,492,972)	-4.2%
Technology Fee⁸	16,824,738	18,910,326	2,085,588	12.4%
Self-Insurance Plan	598,630	630,183	31,553	5.3%
Faculty Practice Plan⁹	14,563,620	12,915,987	(1,647,633)	-11.3%
Total Uses of Resources	\$ 2,128,929,829	\$ 2,114,592,467	\$ (14,337,362)	-0.7%

¹ Increase in E&G Main spending authority is primarily related to

BOG Recurring Amendments in 2022-23

FY23 SUS Amendment #1-Performance Based Funding Adjustment	(555,434)
FY23 SUS Amendment #2-Risk Management realignment	(594,798)
2022-23 net decrease in E&G Authority	(1,150,232)

BOG Amendments for 2023-24

Recurring allocations-	
Nursing Education (PIPELINE)- additional funding	705,937
UCF Operational support	20,000,000
Performance Funding Increase	9,669,640
Recruitment and Retention Incentive	12,500,000
Non-recurring allocations-	
UCF Operational support	10,000,000
UCF Institute for Risk Management & Insurance Education	5,840,050
UCF Post Traumatic Stress Disorder Clinic (RESTORES)	1,000,000
Reverse 2022-23 RESTORES non-recurring allocation	(515,000)
Individualized Readability Research Pilot	1,000,000
Change UCF Community School Grant Program to E&G- Transfer of the Community School Grant Program from State Grants/K-12 Program to Community School Grant Programs	7,180,571
Community School Grant Program Workload	3,819,429
2023-24 net increase in E&G Authority	71,200,627

Change in projected tuition

Remove BOG authority used for 2022-23 E&G tuition	(331,863,293)
Add UCF projected 2023-24 E&G Tuition	306,712,363
2023-24 net decrease in tuition projections	(25,150,930)

Net increase in E&G Main spending authority 44,899,465

² Decrease in E&G College of Medicine spending authority is primarily related to

BOG Amendments for 2023-24

Non-recurring allocations-	
Immunotherapy to Prevent & Improve Muscle & Bone Waste Project	500,000
2023-24 net increase in E&G Authority	500,000

Change in projected tuition

Remove BOG authority used for 2022-23 E&G tuition	(18,346,940)
Add COM projected 2023-24 E&G Tuition	16,316,049
2023-24 net decrease in tuition projections	(2,030,891)

Net decrease in E&G COM spending authority (1,530,891)

³ **Contracts & Grants-** The \$36m decrease in Contracts & Grants is primarily related to a \$63m decrease in HEERF spending and a projected ~\$27m increase in Contracts and Grants expenditures as well as establishing a budget reserve. The increase in expenditures is driven by a 12% estimated increase in awards.

⁴ **Auxiliaries -** The \$72.8m increase in spending authority for Auxiliaries is being requested due to the increases in utilities expenses, repairs and maintenance for Housing and Parking.

⁵ **Student Activities** - The \$11.7m increase in Student Activities is primarily driven by the inclusion of a \$10m reserve established to allow for cash balances to be spent.

⁶ **Student Financial Aid** - The \$3.8m decrease in Student Financial Aid is primarily related to the decrease in demand for Federal student loans.

⁷ **Intercollegiate Athletics** - The preliminary budget has not been approved by the UCFAA Board. The \$3.5m decrease is primarily related the use of HEERF funds in FY23.

⁸ **Technology Fee** - The \$2.1m increase in spending authority is primarily related to completion of ongoing technology projects.

⁹ **Faculty Practice Plan** - The \$1.6m decrease in spending authority is primarily related to lower than expected growth in the infusion center.

Attachment C

Sources and Uses All University Related Budget Entities (including DSOs) (in Millions)

	Colleges & Programs	Central Support Units	Auxiliary Self Supporting Units	Athletics	Academic Health	Convocation Corporation	Finance Corporation	University Foundation	Research Foundation	Stadium Corporation	Clinical Practice	FY 2024 Total	FY2023 Total	\$ Change	% Change
Sources:															
Tuition and Fees	\$ 333.6	\$ 116.8	\$ 28.4	\$ 23.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 501.8	\$ 499.2	\$ 2.6	0.5% ¹
State Appropriations	429.8	39.2	-	0.9	-	-	-	-	-	-	-	469.9	399.4	\$ 70.5	17.7% ²
Operating Revenues	241.8	624.0	49.7	68.5	2.6	23.7	4.0	15.7	20.0	3.7	10.5	1,064.2	1,119.3	(\$ 55.1)	-4.9% ³
Non-Operating Revenues	18.4	38.8	3.8	-	-	-	-	-	-	9.0	-	70.0	72.1	(\$ 2.1)	-2.9% ⁴
Total Sources	1,023.6	818.8	81.9	92.4	2.6	23.7	4.0	15.7	20.0	12.7	10.5	2,105.9	2,090.0	\$ 15.9	0.8%
Uses:															
Compensation Expenses	528.4	311.9	24.8	30.8	-	1.4	-	17.2	1.5	-	5.1	921.1	891.6	(\$ 29.5)	-3.3% ⁵
Operating Expenses	204.2	829.1	25.3	55.5	2.6	6.7	4.0	8.8	18.5	0.3	3.6	1,158.6	1,126.7	(\$ 31.9)	-2.8% ⁶
Non-Operating Expenses	29.2	19.7	36.1	5.9	-	15.0	-	2.0	-	12.4	3.6	123.9	115.7	(\$ 8.2)	-7.1% ⁷
Total Uses	761.8	1,160.7	86.2	92.2	2.6	23.1	4.0	28.0	20.0	12.7	12.3	2,203.6	2,134.0	(\$ 69.6)	-3.3%
Net from Operations	261.8	(341.9)	(4.3)	0.2	-	0.6	-	(12.3)	-	-	(1.8)	(97.7)	(44.0)	(\$ 53.7)	122.0%
Resources Redistribution:															
Central Support Costs	(286.5)	275.9	-	-	-	-	-	10.6	-	-	-	-	-	-	0.0%
Participation Fee	(101.8)	-	-	-	-	-	-	-	-	-	-	(101.8)	(117.0)	\$ 15.2	-13.0% ⁸
Net After Allocated Charges	(126.5)	(66.0)	(4.3)	0.2	-	0.6	-	(1.7)	-	-	(1.8)	(199.5)	(161.0)	(\$ 38.5)	23.9%
Utilization of Fund Balances	24.7	66.0	4.3	-	-	-	-	1.7	-	-	1.8	98.5	44.0	\$ 54.5	123.9% ⁹
Provost Subvention	101.8	-	-	-	-	-	-	-	-	-	-	101.8	117.0	(\$ 15.2)	-13.0% ⁸
Net After Subvention and Reserves	\$ -	\$ -	\$ -	\$ 0.2	\$ -	\$ 0.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.8	\$ -	\$ 0.8	

Notes:

- ¹ This small increase is based on projected enrollment for the fall of 2023.
- ² New state investments of both recurring and non recurring funds recently signed by the Governor.
- ³ Decrease is primarily due to estimated reductions in Title IV and Bright Futures funds for the upcoming FY2024 fiscal year.
- ⁴ Decrease is due to the timing of when non operating revenues are utilized for one time expenditures. This category also includes intercompany transfers that are estimated each year.
- ⁵ Increase is due to the institution of a merit program in March of 2023 for all eligible employees that averaged 2.5%, and also the expectation of filling vacant positions from FY2023.
- ⁶ Increases are for inflationary costs, plus increases in utilities and contracted services (e.g. continuation of HEERF funded contracts that are now core to our operations).
- ⁷ This increase is due to one off expenditures during the fiscal year that must be accounted for in "spending authority". UCFCC is a good example of spending down HEERF lost revenues on Arena related repairs and maintenance.
- ⁸ Decrease is due to the reduced revenue base given the decrease in enrollment from the prior year's budget planning.
- ⁹ Increase is due to the need to make investments in the physical plant for auxiliary and DSO related facilities across campus (e.g. housing, UCFCC, UCFSC, etc.).

The schedule above does not reflect intercompany eliminations. Those will be done annually when audited financial statements are produced.



Board of Trustees Budget and Finance Committee | June 28, 2023

BUDC-2: Proposed 2023-2024 Direct Support Organization/Related Entity Operating Budgets

Information

Discussion

Action

Meeting Date for Upcoming Action: June 29, 2023

Purpose and Issues to be Considered:

Approval of the DSO annual proposed budgets for fiscal year ending June 30, 2024, is requested. These budgets have already been approved by the respective DSO boards of directors. This cover memo should be reviewed in conjunction with the DSO budget schedules presented.

Background Information:

UCF Academic Health

UCF Academic Health, Inc. (UCFAH) supports medical education, research, and patient care through the planning and development of clinical initiatives and affiliated partnerships that serve the educational, research, and clinical mission of the College of Medicine. Currently, UCFAH is engaged in two main activities. One is a joint venture with Hospital Corporation of America (HCA) (Central Florida Health Services, LLC or CFHS) which includes shared governance and 20% equity ownership in the development and operation of UCF Lake Nona Medical Center (UCF LNMC). UCF LNMC has been developed to serve as a teaching hospital. The second major activity of UCFAH is the development and oversight of lease arrangements with private partners in the UCF Lake Nona Cancer Center (UCF LNCC). This includes lease administration and collection of rental income for UCFAH's designated space in the UCF LNCC. UCFAH was established in 2016. In July 2019, it began leasing space to outside tenants in the UCF LNCC.

The proposed budget reflects lease revenue from current clinical lease arrangements. Each lease includes a 3% annual escalation for both base rent and CAM. Two leases are set to expire in the fall offsetting the increases in the remaining leases. These tenants may renew, but at the time of this report, this has not been confirmed. Therefore, budget revenue remains at the same level as current year revenue projections. The expense budget includes rent and CAM payable to UCF and operations expense for UCFAH. The UCFAH operating expense budget covers consulting, financial audit, and software expense, as well as officer and general liability insurance. The budget assumes that all net proceeds are payable to UCF to assist in the funding of the cancer center building operations resulting in a break-even budget.

UCF Athletics Association Inc.

Sources: Student athletic fees are stable due to enrollment management. This projection was provided by the UCF Budget Office based upon data provided by Institutional Knowledge Management (IKM).



Lost revenue recovered via federal Higher Education Emergency Relief Funds (HEERF) stabilized the FY2022-2023 budget and improved the cash position of UCF Athletics Association (UCFAA). All revenue was recovered due to UCFAA was receipted and HEERF recovery is not included in FY2023-2024.

Football ticket sales are budgeted at capacity and includes a small percentage increase in ticket prices. Second, men's basketball revenue is budgeted at record levels due to anticipated interest in Big 12 opponents.

Sponsorship revenue is budgeted higher due to the MMR agreement with Playfly Sports as well as the Addition Financial Naming Rights new agreement.

The Big 12 Conference distribution is a significant additional revenue stream. This reflects a 50% distribution as agreed upon. Of note, Athletics will also receive a 50% distribution in FY2024-2025 before becoming 100% share partners in FY2025-2026.

This Board approved a budget that anticipated a Big 12 advance on conference distribution equating to \$5M last fiscal year. In conversations after budget approval, it was discovered that the Big 12 did not have sufficient cash reserves on-hand for an advance distribution. Given the nature of interest rate movement over the past year, Athletics decided it was in its best interests to not take an advance distribution. Though possible, no advance distribution is budgeted for FY2023-2024.

Consistent with last year's presentation, waterfall revenues from the UCF Stadium Corporation (UCFSC) transfers are reflected as a separate line item.

Uses: With the implementation of Alston funding to student-athletes which is an academic award distributed through financial aid and a rate increase in housing, student-athlete scholarship costs are projected to rise significantly. The federal government established the Alston rate as \$5,980 per student.

There are significant changes not easily apparent in this high-level presentation format. The Workday ERP considers previously budgeted compensation items of approximately \$5M as Sport Operations. While this change is correct, it warrants explanation. Included in the FY2024 overall budget is an additional \$2.7M of salary adjustments for football coaches and staff per Big 12 standards. Salary increases for the coaching staff of volleyball, women's soccer, men's soccer, rowing (anticipated), and support staff for men's basketball are budgeted. Second, the UCFAA adjusted the minimum exempt salary for employees from \$36,000 to \$42,000 in anticipation of the FLSA projected regulation, the inflationary cost of living in Orlando, and to remain coordinated with UCF's one-time employee payments/base percentage increases. This increase in minimum exempt salaries created wage compression with middle managers. This was addressed where possible. We continue to experience a high turnover rate for employees which is common in athletics but leads to higher transitional expenses such as leave payout, moving expense stipends, search related expenses, and wage escalation.

Sport Operations is budgeted significantly higher due to the compensation budget items now considered vendor payments (operations). For comparison, operating expenses are approximately \$2M more in the Big 12 due to travel costs than prior budget. Consistent with last year, we employed a zero-based budget practice.



The American Athletics Conference exit fee budgeted number is derived from the signed contract. After FY2024-2025, the annual obligation drops to \$667k through FY2036.

The Guaranteed Royalty and Rent to UCFSC is budgeted consistently with last year. These are budgeted escalations as agreed upon in the corresponding Memo of Understanding.

Retained Earnings shown as an expense demonstrated for liquidity. Cash flow is a constant concern so this budget line item will be present for years to come. A Retained Earnings policy has been drafted and we will ask the UCFAA Board for approval at the Q1 meeting as well as introduce the university's main Investment advisor &Co.

UCFAA debt service payments per schedules included below for reference as well as specific terms on various det structures.

REFERENCE NOTES FROM LAST YEAR: Stabilizing cash flow for fiscal sustainability and reducing short-term operating debt have been the priorities thus far. Once we navigate through these choppy cash flow times, our goal will be to provide a 3-year outlook to this board. We are anticipating this to be a rough draft as there are many unknowns at this time that will shift expenses/revenues across fiscal years. The biggest uncertainties include a) how much HEERF can be spent in FY2021-2022 vs FY2022-2023, b) the final cost of exiting the American Athletics Conference and impact on the Big 12 Advance and c) how quickly we can resolve short-term debt to create a healthy cash position. We make progress every day.

UCF Convocation Corporation

UCF Convocation Corporation (UCFCC) operates four student residence halls (Towers Knights Plaza (Towers)), the convocation center (Addition Financial Arena and The Venue), surrounding retail space (Knights Plaza), and adjacent parking. The proposed budget is expected to yield sufficient revenues to cover operational expenses of these facilities, fund required debt service obligations related to its housing and arena bonds and non-recurring repair and replacement (R&R) reserves. The surplus generated from the housing operations contributes toward the funding of the arena debt. This is consistent with prior years and was intended during the original financing model of the project.

UCFCC's debt matures on dates that range from October 2026 to October 2035 with semi-annual debt service payments due on October 1st and April 1st. Scheduled 2024 debt service payments include principal (\$9.1 million) and interest (\$4.6 million), which will leave a remaining outstanding balance of \$132.4 million for the fiscal year ending June 30, 2024.

Housing Operations: Housing operations are projected to generate a surplus of \$5.5 million in FY2024. As noted above, this surplus is needed to fund the debt service obligations related to the arena debt. The variance from prior year assumes a 4.5% housing rate increase which is subject to approval by this committee today as well as the university's Board of Trustees in its June 28 meeting. If approved, this housing rate increase will generate approximately \$0.8 million of additional housing revenue in fiscal 2024. This is offset by a 6% projected increase in utilities (\$0.1 million), an increase scheduled debt service payments (\$0.9 million), and an increase in the annual contribution to the housing and parking R&R reserve (\$0.1 million). Further information about the use of the R&R reserves is included in the section below.

Retail Operations: Retail operations are projected to generate a surplus of \$1.4 million in FY2023-2024. Budgeted revenues are based on the current occupancy rate (following the addition of Wesley

Foundation in January 2023 and the loss of the Recreation and Wellness Center in May 2023). There is an active solicitation for available space and a contracted real estate broker has been engaged to market available space to potential tenants. However, vacated space is expected to have a longer lease up period due to its location and larger square footage. Thus, revenue generation from this space is not projected until the latter part of FY2023-2024.

Overall historical savings under the current management structure are expected to continue but increases in operational expenses over FY2022-2023 are also expected due to current economic conditions. Expense increases in common area utilities services were factored in based on increase observed year-to-date for FY2022-2023. There is also an anticipated increase over 2023 in real estate brokerage fees necessary to secure new tenant agreements for vacant spaces.

Arena Operations: Arena operations are projected to generate a deficit of \$6.0 million in FY2023-2024. This is comparable to a projected deficit of \$6.0 million in fiscal 2023 when the non-recurring transfer of revenue recovery funds from the university and non-recurring capex funding are excluded. This projected deficit will be funded by the projected surplus generated from housing (\$5.5 million) and retail (\$1.4 million) operations in FY2023-2024.

The FY2023-2024 budget for arena operations is based on a normalized year. Engagement by third party event promoters continue to be forecasted as being steady, with several event partners already discussing returning and the expectation that new opportunities will present themselves throughout the year which is typical. Potential challenges are centered around economic instability surrounding inflation, which could impact both event and overhead expenses, or other possible impacts from a downturn resulting in less consumer discretionary spending. Event timing, related to concerts particularly, can be affected when threat of adverse economic conditions disrupts tour routing, resulting in events missing forecasted periods or the fiscal year altogether.

Total direct event revenues were projected using the facilities' current calendar holds and historical information, per normal, as a base. The reduction from prior year is primarily due to several unique income drivers in FY2022-2023 that are not forecasted to reoccur. Total direct event revenue and ancillary revenue budgets are still the highest ever submitted. Reaching revenue goals will depend largely on navigating challenges with availability and continued strength in concert bookings, which account for the largest part of event income (45%) but is also the most volatile area due to external factors. Rate increases by service providers are anticipated, and staff have already been notified by CSC Security and Police to expect higher costs.

Arena operating expenses have largely been adjusted based on expected increases in cost of goods and services. Areas that have the largest variances include salaries and insurance. Salary adjustment is coming from a slightly less than 5% average salary increase for full time staff coupled with the expectation of all positions being full for the duration of the fiscal year, unlike FY2022-2023, which had several positions vacant at various periods.

Arena non-event related expenses are projected to realize an increase in salary expenses (\$0.1 million) for FY2023-2024 due to current vacant positions that are expected to be filled in the upcoming year and is reflected in the proposed budget.

R&R and Operating Reserves: Annual contributions to the R&R reserves are limited to the amount of funding available from operations. The budgeted contribution to the housing and parking R&R reserves has been increased from \$500,000 to \$650,000 in FY2023-2024 to comply with minimum funding requirements. The budgeted contribution to the arena R&R reserve is based on management's discretion and is consistent with the prior year. Increased funding from future housing rate increases should be considered for facility projects anticipated beyond FY2024-2025. At the end

of FY2023-2024, the housing R&R reserve is projected to be approximately \$2.9 million (with \$2.3 million held in trust); the parking R&R reserve is projected to be \$0.3 million (with just under \$0.1 million held in the trust); the arena reserve is projected to be \$1.3 million.

The use of non-recurring operating reserves generated from the receipt revenue recovery and capex funds received during FY2022-2023 to fund \$11.8 million of facility projects in FY2023-2024 and FY2024-2025 was approved the UCFCC Board of Directors board during a special meeting held on April 27, 2023. These funds will be managed by the UCF Facilities and UCFAA teams.

UCF Finance Corporation

The UCF Finance Corporation (UCFFC) is a Direct Support Organization of the university and is a separate legal entity that holds debt related to the construction of the Burnett Biomedical Sciences building on the health sciences campus in Lake Nona. As a reminder, the debt associated with the construction of the UCF downtown campus was paid off during FY2021-2022 with pledge revenue transfers from the UCF Foundation. On July 1, 2022, the university went live with the implementation of Workday, a new ERP system and subsequent Adaptive budgeting model that will facilitate a more robust platform for budget planning campus wide.

Transfers from the University represents rent due pursuant to the 2017 amended and restated operating lease agreement and used to pay down the Burnett Biomedical Sciences building loan. The proposed budget has been reformatted to include principal payments as an expense and to include the gross rent received from the university. In previous years, principal was presented below the net surplus/deficit and rent revenue was presented net of the principal on the Burnett loan to mirror the presentation in the audited financial statements. Prior year columns have been restated for comparative purposes. The revised format provides the board with a more complete understanding of UCFCC's sources and uses of funds.

The Burnett loan matures June 30, 2038, with semi-annual debt service payments due on July 1 and March 1. Scheduled debt service payments include principal (\$2.8 million) and interest (\$1.2 million), which will leave a remaining outstanding balance of \$47.4 million at the end of the fiscal year ending June 30, 2024.

UCF Foundation

The UCF Foundation prepared a budget for FY2023-2024 to support the strategic priorities for the next 12 months as part of becoming a sustainable \$100M annual fundraising organization. Considering current economic conditions and resources required to support this goal the Foundation is proposing an increase of approximately \$5.6M over the prior year's budget.

The following analytics are based on information that is currently available and used in the development of the proposed unrestricted and real estate budgets for FY2023-2024.

Unrestricted Budget Drivers

Sources:

- University Funding remained relatively flat.
- Decreased endowment fee revenue reflective of market conditions and the reduction in endowment fees to 1.95% (from 2.25% three years ago).
- Increased draw from the operating investment pool of \$4.3 million, an increase of \$1.6 million.
- Anticipated CAPFA waterfall funding of \$5 million.

- Total funding sources of \$28 million for FY2024, a 1% increase.

Uses:

- Position restructuring within departments, primarily moving event staff from development to alumni relations. Although many position restructures are planned for FY2024, overall salaries decreased \$640 thousand primarily due to vacancy factor of 5%.
- Operating uses increased by \$2.4 million to support events and programs, campaign planning, and software investments. Notable increases relate to technological software investments to increase fundraising efforts and increased use of contract workers to provide needed resources as the Foundation increases annual fundraising targets.

Real Estate Budget Drivers

Sources:

- Sources totaled \$11 million; a 3% increase due to a 3% rental income increase.

Uses:

- Interest expense reduction of \$67 thousand, offset by a \$69 thousand increase in principal payments.
- Capital expenditures increase of \$465 thousand for HVAC and fire alarm upgrades.
- Prior year capital carryover reduction of \$190 thousand for HVAC, fire controls, and upgrade delays.
- Operating expenses total \$4.8 million, a 1% decrease from prior year.
- Net operating income totals \$6.1 million, a 3% increase from prior year.
- Overall Capital and debt payments increased \$344 thousand, a 5% increase related to capital expenditures increase and principal payments.

UCF Limbitless Solutions, Inc.

Upon decertification by the Board of Trustees, it is anticipated that Limbitless Solutions, Inc. will transition into the UCF Research Foundation effective July 1, 2023.

UCF Research Foundation

The Research Foundation (UCFRF) promotes and supports the research activities of faculty, staff, and students. Its operating revenue and expenses include contracts, grants, royalties, contributions, rents, conferences, unit residuals, and consortiums. UCFRF's revenue is recognized only to the extent expenses are incurred in executing the applicable contracts and grants or when an enforceable promise is made. Due to this method of recognition, the presentation within may result in budget surpassing revenue while conversely resulting in a budget deficit to expenses or the reverse. This leads to the appearance of favorable or unfavorable positions per line item of budget to actual that do not reflect the factual activity; however the overall net impact is favorable since additional awards and funding dollars are continuously being received.

The Research Foundation is proposing a \$18 thousand, or 30%, overall increase in revenue and expenses for FY2023-2024 as compared to FY2022-2023 annualized projected actuals. Overall, the FY2023-2024 projected budget is \$40 thousand, or 100%, greater than FY2022-2023 actual budget

mostly based on the conservative continued growth of contracts, grants, contributions, rents, conferences, and unit residuals.

Key budget items reflected:

- a. Revenue and expenses for contracts and grants exceeds the FY2023 annualized projected actuals amount and the FY2023 budgeted amount due to the expected continued growth in sponsored research. The projected growth for FY2023 is expected to be 5%, or \$608 thousand, as compared to actual growth in FY2022 of 28%, or \$2.6 million, thus we are taking a conservative approach in our projected growth for FY2024 to be 8%, or \$1 million.
- b. Revenue and expenses for contributions and other agreements, as well as conferences and workshops, are consistent with the FY2022-2023 projected annualized. Noteworthy, the large increase in the FY2024 proposed budgeted amount as compared to the FY2022-2023 budgeted amount for conferences and workshops was due to the uncertainty surrounding the impact of the unanticipated separation from GrowFL at the end of FY2021-2022.
- c. Incubator rent revenue is consistent with the FY2022-2023 projected annualized amount while excluding prior year residual rental income. There is however a noteworthy decrease in FY2024 proposed budgeted amount as compared to the FY2022-2023 budgeted amount due to a decrease in the number of clients noted in fiscal 2023 third quarter of 59 as compared to 77 in FY2021-2022 third quarter. The projected decrease in growth for FY2022-2023 is expected to be 12%, or \$45 thousand, as compared to actual growth in FY2021-2022 of 21%, or \$65 thousand, thus we are taking a conservative approach in our projected growth for FY2022-2023 to be 5%, or \$18 thousand.
- d. Management fees and F&A represent the net funds retained by the Research Foundation after necessary distributions. The FY2022-2023 proposed budget represents an 8.3% growth in revenue earned and retained which is in line with the expected conservative growth noted above in contracts, grants, contributions, rents, conferences, and unit residuals.
- e. Other operating expenses includes funding for research foundation payroll and operating expenses plus offset by reimbursed legal fees. The FY2023-2024 proposed budgeted amount considers the FY2022-2023 third quarter hiring of a Contract Officer and Post Award Specialist. The proposed budget assumes the hiring of a Contract Officer, Contract Accountant, and an Accounts Payable/Receivable Analyst throughout FY2023-2024 due to award growth previously mentioned.
- f. Gap Fund expenses annualized in FY2022-2023 include both the projected current year awards and the actual expenditures related to Fiscal Year 2022 awards. The Gap Fund program for FY2022-2023 is not expected to be fully awarded due to the fewer number of proposals presented to this Board during FY2022-2023. The Gap Fund program is fully budgeted in FY2023-2024.

UCF Stadium Corporation

The proposed budget for FY2023-2024 includes the assumption of the UCF Athletics Association (UCFAA) hosting seven (7) home football games at the FBC Mortgage Stadium and begins its conference football schedule for the first time as a member of the Big 12 Conference. Overall revenues are conservative estimates as the full financial impact of participating in the new Big 12

Conference is unknown at the time of budget development however, pledged revenues are anticipated to be sufficient to fund the corporation's debt service obligations and operating costs for the year.

UCF Stadium Corporation (UCFSC) holds debt related to the construction of the university's football stadium. The debt is secured by a pledge from UCFAA of gross ticket revenues, stadium rent, and a guaranteed royalty payment. Away game guarantees and conference distributions are also pledged but are not reflected in the budget and are not required to be distributed unless they are needed to meet annual debt service obligations. Additionally, there is a support agreement whereby the university will use legally available revenues to fund deficiencies that may arise in the event the corporation is unable to make the minimum bond payments.

- Premium seating and tickets sales assume a 5% increase based on current renewal data and price increases for Field Cabanas.
- Concessions and catering revenue projections are based on current year actuals which are trending higher than budgeted expectations.
- Merchandise sales and excess revenues from beverage contract remain the unchanged.
- Guaranteed royalty and stadium rent revenues are based on payment schedules pursuant to the executed agreements with UCFAA and are sufficient to cover UCFSC's debt service requirements in the event other pledged revenue sources fall short of expectations.
- Annual contribution to the repair and replacement reserve is based on management's discretion and will remain consistent with FY2022-2023 at \$250,000. Projected expenses represent the lighting project that was approved by the Board at its special meeting held in April 2023. Additionally, the budget assumes that the UCFAA will directly cover any required repairs and allow the reserve to accumulate to approximately \$1.0 million by the end of fiscal year ending June 30, 2024.
- UCFSC's debt matures on dates ranging from March 2029 to March 2036 and debt service required for principal and interest payments are due in September and March annually. Once the debt service requirements are fulfilled, any unrestricted excess revenues are transferred to UCFAA. Projected revenues for FY2024 are anticipated to yield approximately \$8.8 million in unrestricted excess revenues back to UCFAA who depends on the receipt of these funds to maintain day-to-day operations.

Central Florida Clinical Practice Organization

The Central Florida Clinical Practice Organization (CFCPO) is an affiliated organization formed to support the medical education program and clinical faculty within the College of Medicine. The primary mission of the CFCPO is to provide administrative services for the University of Central Florida College of Medicine's (College of Medicine) clinical mission, that includes UCF Health, the faculty practice of the College, and HealthARCH, a healthcare consulting unit. As part of the administrative services, the CFCPO performs the billing and collection of professional fees associated with the practice of medicine, the advisory fees for services provided by HealthARCH, and directly pays the associated operating expenses for those services. The CFCPO budget includes UCF Clinical LLC, a subsidiary and disregarded entity under the CFCPO. This entity has a contract arrangement with a Professional Employer Organization (PEO) that manages the payroll and benefits for the clinical and administrative staff of UCF Health and HealthARCH.



The proposed budget reflects an 18% increase in revenue resulting from the planned recruitment of seven new UCF Health physicians in the Faculty Practice Plan. Revenue also includes another physician for the contract arrangement that provides onsite medical care for Osceola County and Osceola County Sheriff's Office employees. In FY2022-2023, UCF Health joined an accountable care organization that will add supplemental income for Medicare patient encounters this next fiscal year.

Professional Services expense includes the cost of UCF Health and HealthARCH staff administered through the PEO and is the largest portion of the CFCPO expense budget. The decrease in Medical Supplies is due to rightsizing the budget for the Infusion Center. The Infusion Center has seen growth this fiscal year but did not meet budgeted expectations. Facility Expense for the clinics has been moved to the College of Medicine budget so that the Campus Operations department can better manage that portion of the budget for which they are responsible. Other Expense includes a 21% increase in budget for the licensing expense of new providers as well as additional bank charges for the expected increase in patient volume. The increase in the transfer of funds to the College of Medicine is to fund faculty compensation as well as facility and other UCF Health related costs paid by the College of Medicine. It also includes the anticipated start-up costs of new UCF Health physicians, an investment in student scholarships, and to support the College's research mission by investing in the Burnett Cancer Research Division which is moving to the UCF Lake Nona Cancer Center building. The latter was included in the FY2022-2023 budget but due to renovation delays outside of the university's control it has been moved to the FY2023-2024 budget. It is intended that these one-time investments totaling \$1M will come from cash reserves which is reflected in the budget deficit of \$1.6M. Currently, the CFCPO is forecasted to have year-end cash reserves of over \$9M.

Recommended Action:

Recommend approval of the DSO proposed budgets as presented to the Board of Trustees.

Alternatives to Decision:

Decline to recommend approval of the DSO proposed budgets or recommend approval with changes.

Fiscal Impact and Source of Funding:

Source of funding varies across all Direct Support Organizations.

Authority for Board of Trustees Action:

Delegation of Authority to the President, Miscellaneous Powers and Duties, 6(c) Recommend for Board of Trustees' approval annual operating and capital budgets for Affiliated Organizations.

Contract Reviewed/Approved by General Counsel N/A

Committee Chair or Chair of the Board has approved adding this item to the agenda

Submitted by:

Gerald Hector, Senior Vice President for Finance and Administration

Supporting Documentation:

Attachment A: UCF Academic Health

Attachment B: UCF Athletics Association Inc.

Attachment C: UCF Convocation Corporation

Attachment D: UCF Finance Corporation



Board of Trustees

Agenda Memo

Attachment E: UCF Foundation
Attachment F: UCF Research Foundation
Attachment G: UCF Stadium Corporation
Attachment H: Central Florida Clinical Practice Organization

Facilitators/Presenters:

Gerald Hector
Christina Tant, Assistant Vice President for DSO Accounting and Reporting

Attachment A

**UCF ACADEMIC HEALTH, INC.
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2024**

Description	2023-24 PROPOSED BUDGET	2022-23 APPROVED BUDGET	2022-23 PROJECTED ACTUALS	YOY Fav/(Unfav) Variance
<i>Funding Sources</i>	\$	\$	\$	\$
Commercial Lease Revenue ¹	2,612,552	2,725,029	2,610,159	2,393
Total Funding Sources	2,612,552	2,725,029	2,610,159	2,393
<i>Funding Uses</i>				
Professional Services ²	36,600	17,500	28,157	(8,443)
Facility Expense ³	2,548,492	2,518,501	2,551,910	3,418
Information Technology ⁴	2,500	7,916	7,782	5,282
Other Expense ⁵	24,960	181,112	22,310	(2,650)
Total Funding Uses	2,612,552	2,725,029	2,610,159	(2,393)
Surplus/(Deficit)	-	-	-	-

¹ UCF Academic Health, Inc (UCFAH) receives sub lease revenue from lease arrangements with private partners in the UCF Lake Nona Cancer Center. Each lease contains a 3% annual rent & CAM escalation clause. However, the lease revenue increases are partially offset by the potential termination of two leases that may not be renewed.

² The Professional Services budget includes accounting, audit and legal fees. The increase is the result of higher audit fees for the new FY2024 agreement.

³ Facility Expense reflects rent plus CAM paid to UCF for the sub-lease of space at the Lake Nona Cancer Center.

⁴ Information Technology expense is decreasing over the prior year due to the expiration of the NetSuite accounting software subscription and the implementation of Workday which is paid by the university.

⁵ The increase in Other Expense is due to the increased cost of Officer and General Liability insurance renewal.

Attachment B

UCF ATHLETICS ASSOCIATION ANNUAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Description	2023-24	2022-23	2022-23	YOY	
	PROPOSED BUDGET	APPROVED BUDGET	PROJECTED ACTUALS	Fav/(Unfav) Variance	
<u>Funding Sources</u>					
	\$	\$	\$	\$	
Student athletic fees	22,913,747	23,200,964	22,800,000	113,747	
Higher education emergency relief fund (Heerf)	-	12,000,000	1,644,457	(1,644,457)	
Ticket sales and ticket related transactions	14,708,082	12,138,189	12,500,000	2,208,082	
Philanthropic Donations for Operating	3,550,000	1,549,000	600,000	2,950,000	
Game Guarantees Received	276,670	401,000	380,000	(103,330)	
Sponsorships	12,286,667	10,375,000	10,000,000	2,286,667	
Pledges to be used for debt service	2,379,550	2,955,650	2,000,000	379,550	
NCAA/ conference distributions	20,818,337	8,676,161	8,676,161	12,142,176	
Other athletic revenues	883,600	751,600	1,600,000	(716,400)	
E&G Scholarship support from university	9,463,000	9,463,000	11,000,000	(1,537,000)	
E&G Funding for Gender Equity Initiatives	938,539	938,539	938,539	-	
Advance of future revenues Big 12	-	5,000,000	-	-	
Revenue received from Stadium Corp Transfer	4,221,050	4,012,963	4,413,202	(192,152)	
Total Funding Sources	92,439,242	91,462,066	76,552,359	15,886,883	
<u>Funding Uses</u>					
Scholarships	11,500,948	10,217,157	11,500,000	(948)	
Employee compensation	30,829,036	29,859,468	30,000,000	(829,036)	
Sport operations	16,656,930	10,644,818	15,000,000	(1,656,930)	
Support operations	15,793,537	15,468,823	15,200,000	(593,537)	
Non-recurring operations	2,433,000	1,828,825	2,000,000	(433,000)	
AAC Exit Fees Anticipated	2,500,000	5,000,000	2,500,000	-	
Guaranteed Royalty and Rent to Stadium Corp	4,121,000	4,071,000	4,071,000	(50,000)	
Retained Earnings for Liquidity (Reserve)	2,500,000	2,500,000	2,500,000	-	
	-	-	-	-	
Total Funding Uses	86,334,451	79,590,091	82,771,000	(3,563,451)	
<u>Non-operating Sources/ (Uses)</u>					
Restricted accounts capital donations	-	-	1,570,000	(1,570,000)	
Restricted accounts outlay	-	-	(1,200,000)	1,200,000	
Capital projects outlay	-	-	(2,760,000)	2,760,000	
Interest income	-	-	100,000	(100,000)	
Interest expense	(505,131)	(730,116)	(730,000)	224,869	
Principal	(5,374,728)	(3,652,811)	(3,652,811)	(1,721,917)	
Total Non-operating Sources/ (Uses)	(5,879,859)	(4,382,927)	(6,672,811)	792,952	
Surplus/(Deficit)	224,932	7,489,048	(12,891,452)	13,116,384	
<u>Debt Service Summary</u>					
	Annual Debt Service			Outstanding Principal	
	Principal	Interest	Total	As of 6/30/23	As of 6/30/24
Fifth Third - Line of Credit	330,000	122,579	452,579	4,775,000	4,445,000
Regions - Construction Note (Roth Athletic Center)	1,618,000	39,280	1,657,280	5,392,000	3,774,000
UCF Foundation - Line of Credit	2,500,000	270,000	2,770,000	9,567,500	7,067,500
UCF - Loan	926,728	73,272	1,000,000	5,198,890	4,272,162
Total Debt Service	5,374,728	505,131	5,879,859	24,933,390	19,558,662

Attachment C

**UCF Convocation Corporation
Operating Budget
Fiscal Year 2023-24**

	2023-24 PROPOSED BUDGET	2022-23 APPROVED BUDGET	2022-23 PROJECTED ACTUALS	YOY Fav/(Unfav) Variance	
Housing Operations	\$	\$	\$	\$	%
<i>Operating Revenues:</i>					
Apartment Rental	18,139,852	17,337,919	17,336,536	803,316	5%
Miscellaneous Rental Fees and Revenue	350,000	350,000	350,000	-	0%
Parking Revenue	1,036,388	1,036,388	1,036,388	-	0%
Total Operating Revenues	19,526,240	18,724,307	18,722,924	803,316	4%
<i>Operating Expenses:</i>					
UCF Housing Administration	1,021,989	961,777	950,000	(71,989)	-8%
Maintenance and Custodial	1,871,692	1,764,995	1,850,000	(21,692)	-1%
Utilities	1,834,031	1,843,457	1,730,219	(103,812)	-6%
Communication Services	323,809	328,824	294,781	(29,028)	-10%
Insurance	297,000	65,438	332,974	35,974	11%
Management Fees	261,720	272,921	265,298	3,578	1%
Other Expenses	165,000	165,000	107,000	(58,000)	-54%
Total Operating Expenses	5,775,241	5,402,412	5,530,272	(244,969)	-4%
<i>Non-Operating Revenue/ (Expenses):</i>					
Interest Earnings	165,000	165,000	165,000	-	0%
Housing debt service - principal	(5,520,000)	(5,100,000)	(4,895,000)	(625,000)	13%
Housing debt service - interest	(2,208,483)	(2,936,384)	(1,951,276)	(257,208)	13%
Housing R&R reserve contributions	(650,000)	(500,000)	(554,583)	(95,417)	17%
Total Non-Operating Revenue/Expenses	(8,213,483)	(8,371,384)	(7,235,859)	(977,625)	14%
Housing Operations Surplus/(Deficit)	5,537,516	4,950,511	5,956,793	(419,277)	-7%
Retail Operations					
<i>Retail Revenue:</i>					
Arena Rental Revenue	934,249	1,057,463	1,014,220	(79,971)	-8%
Housing Retail Revenue	584,343	602,630	563,478	20,865	4%
Additional Rent	444,307	268,502	461,302	(16,995)	-4%
Total Retail Revenues	1,962,899	1,928,595	2,039,000	(76,101)	-4%
<i>Retail Expenses:</i>					
Common Area Maintenance & Utilities	385,933	179,389	309,000	(76,933)	-25%
Management Fees	112,502	115,407	116,092	3,590	3%
Leasing Commissions	50,000	15,000	5,000	(45,000)	-900%
Branding	12,000	12,000	5,000	(7,000)	-140%
Total Operating Expenses	560,435	321,796	435,092	(125,343)	-29%
Retail Operations Surplus/(Deficit)	1,402,464	1,606,799	1,603,908	(201,444)	-13%
Arena Operations					
<i>Direct Event Revenue</i>					
Gross Ticket Revenue	4,219,484	4,890,516	4,208,126	11,358	0%
Facility Rental	1,855,176	1,709,575	1,800,852	54,324	3%
Event Production Costs	(6,246,348)	(6,833,432)	(5,961,422)	(284,926)	5%
Net Service Revenue	187,177	198,933	280,143	(92,966)	-33%
Total Direct Event Revenue	15,489	(34,408)	327,699	(312,210)	-95%
<i>Ancillary Revenue</i>					
Concession and Catering Commissions	435,910	400,500	510,621	(74,711)	-15%
Novelty Revenue	70,241	78,952	108,666	(38,425)	-35%
Ticket Master Rebates Revenue	425,128	481,456	392,050	33,078	8%
Parking	325,600	308,519	147,463	178,137	121%
Suite Revenue	97,387	105,642	125,886	(28,499)	-23%
Facility Fee	267,563	286,625	182,082	85,481	47%
Total Ancillary Revenue	1,621,829	1,661,694	1,466,768	155,061	11%
<i>Other Revenue</i>					
UCFAA Rent	535,000	535,000	535,000	-	0%
Miscellaneous	87,351	87,806	86,721	630	1%
Total Other Revenue	622,351	622,806	621,721	630	0%
Total Event Revenue	2,259,669	2,250,092	2,416,188	(156,519)	-6%

	2023-24 PROPOSED BUDGET	2022-23 APPROVED BUDGET	2022-23 PROJECTED ACTUALS	YOY Fav/(Unfav) Variance	
<u>Arena Operating Expenses</u>					
Salaries Administrative	1,383,594	1,351,741	1,263,646	(119,948)	-9%
Travel, Training, and Entertainment	26,584	23,934	17,118	(9,466)	-55%
Office Expenses	123,311	112,835	102,161	(21,150)	-21%
Advertising	17,421	17,422	11,312	(6,109)	-54%
Contracted Services	57,062	55,012	55,158	(1,904)	-3%
Utilities	1,398,996	1,342,893	1,460,427	61,431	4%
Building Expenses	29,910	28,533	17,365	(12,545)	-72%
Equipment Repairs and Maintenance	10,500	10,500	5,824	(4,676)	-80%
Insurance	135,026	65,439	126,209	(8,817)	-7%
Management Fees	280,695	265,686	316,769	36,074	11%
Total Operating Expenses	3,463,099	3,273,995	3,375,989	(87,110)	-3%
Gross Building Operating Revenues/(Loss)	(1,203,430)	(1,023,903)	(959,801)	(243,629)	25%
<u>Arena Other Non-Event Related Expenses</u>					
Maintenance and Custodial	824,742	732,321	789,631	(35,111)	-4%
Building Supplies	48,000	80,000	79,000	31,000	39%
Repairs and Maintenance	327,100	270,200	270,000	(57,100)	-21%
Licenses and Permits	-	3,000	2,451	2,451	100%
Contracted Services	125,988	128,082	129,282	3,294	3%
Janitorial	-	14,500	14,600	14,600	100%
Total Other Non-Event Operating Expenses	1,325,830	1,228,103	1,284,964	(40,866)	-3%
<u>Other Operating Revenues/(Expenses)</u>					
UCF Operating Agreement	2,200,000	2,200,000	2,200,000	-	0%
Sponsorship	-	125,000	125,000	(125,000)	-100%
Naming Rights/ New Guaranteed Royalty	1,050,000	825,000	800,000	250,000	31%
Less Naming Rights Expenses	-	(15,000)	(6,500)	6,500	-100%
Premium Seating	-	398,151	388,790	(388,790)	-100%
Less Fulfillment Cost	(2,672)	(191,100)	(175,000)	172,328	-98%
Less Administration Cost	-	(55,000)	(50,000)	50,000	-100%
Total Other Operating Revenues/(Expenses)	3,247,328	3,287,051	3,282,290	(34,962)	-1%
Net Arena Operating Revenues/(Loss)	718,068	1,035,045	1,037,525	(319,457)	-31%
<u>Nonoperating Revenues/(Expenses)</u>					
Transfers to UCF	(246,300)	(500,000)	(500,000)	253,700	-51%
Interest Earnings	15,000	10,000	10,000	5,000	50%
Transfer from the university - Revenue recovery	-	-	10,838,283	(10,838,283)	-100%
Arena debt service - principal	(3,610,000)	(3,480,000)	(3,480,000)	(130,000)	4%
Arena debt service - interest	(2,404,030)	(2,536,163)	(2,536,163)	132,133	-5%
Arena R&R reserve contributions	(500,000)	(500,000)	(500,000)	-	0%
Total Nonoperating Revenues/(Loss)	(6,745,330)	(7,006,163)	3,832,121	(10,577,451)	-276%
Arena Operations Surplus/(Deficit)	(6,027,262)	(5,971,118)	4,869,646	(10,896,908)	-224%
Total Project Surplus/(Deficit)	912,718	586,192	12,430,347	(11,517,629)	-93%

Debt Service Summary

	Annual Debt Service fiscal year 2024			Outstanding Principal	
	Principal	Interest	Total	As of 6/30/23	As of 6/30/24
Housing debt service	5,520,000	2,208,484	7,728,484	81,075,000	75,555,000
Arena debt service	3,610,000	2,404,030	6,014,030	60,430,000	56,820,000
Total Debt Service	9,130,000	4,612,514	13,742,514	141,505,000	132,375,000

	R&R Reserve Available for Use				R&R Reserve Held at Trustee ¹			
	Projected As of 7/01/23	from Trust and Arena	Budgeted Expenditures	Projected As of 6/30/24	Projected As of 7/01/23	Housing and Parking Contributions	Transfers to Corp.	Projected As of 6/30/24
Housing	577,173	700,000	(700,000)	577,173	2,458,370	600,000	(700,000)	2,358,370
Arena	1,033,751	500,000	(150,000)	1,383,751	-	-	-	-
Parking	283,475	-	-	283,475	28,672	50,000	-	78,672
Total	1,894,399	1,200,000	(850,000)	2,244,399	2,487,042	650,000	(700,000)	2,437,042

¹ Balance held in trust remains unavailable until board approves withdrawal.

	Arena Operating Reserve Summary			
	Projected As of 7/01/23	Budgeted FY24 Expenditures	Budgeted FY25 Expenditures	Balance
Arena revenue recovery funds (HEERF)	10,838,283	(7,360,980)	(3,418,000)	59,303
Non-recurring Capex Funding	1,000,000	(998,000)	-	2,000
Total	11,838,283	(8,358,980)	(3,418,000)	61,303

**UCF FINANCE CORPORATION
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2024**

<u>Description</u>	2023-24 PROPOSED BUDGET	2022-23 APPROVED BUDGET	2022-23 PROJECTED ACTUALS	YOY Fav/ (Unfav) Variance
<i>Funding Sources</i>	\$	\$	\$	\$
Transfers from University ¹	4,006,756	3,950,128	4,003,578	3,178
Transfers from Foundation - Downtown Pledges	-	-	-	-
Interest	5,000	60,000	5,000	-
Total Sources	4,011,756	4,010,128	4,008,578	3,178
<i>Funding Uses</i>				
Principal - Burnett Biomedical Sciences Building ¹	2,816,000	2,750,000	2,750,000	(66,000)
Interest - Burnett Biomedical Sciences Building	1,172,136	1,238,928	1,238,928	66,792
Operating	23,620	21,200	19,650	(3,970)
Total Uses	4,011,756	4,010,128	4,008,578	(3,178)
Surplus/(Deficit)	-	-	-	-

¹The proposed budget has been reformatted to include principal payments as an expense and to include the gross rent received from the university. In previous years, principal was presented below the net surplus/ (deficit) and rent revenue was presented net of the principal on the Burnett loan to mirror the presentation in the audited financial statements. Prior year columns have been restated for comparative purposes. The revised format provides the board with a more complete understanding of the Corporation's sources and uses of funds.

SUMMARY OF OUTSTANDING DEBT BALANCE	
Principal Balance at 6/30/2023	50,247,000
Principal payment due 7/1/2023	(2,816,000)
Principal Balance at 6/30/2024	47,431,000

University of Central Florida Foundation, Inc.
Unrestricted Budget
Fiscal Year 2023-24

	2023-24 PROPOSED BUDGET	2022-23 APPROVED BUDGET	2022-23 PROJECTED ACTUALS	YOY Fav/(Unfav) Variance
	\$	\$	\$	\$
Funding sources				
Funding from related organizations				
University funding				
Univ - E&G	11,319,142	11,319,142	11,319,142	-
Total Funding from related organizations	12,369,142	11,319,142	11,319,142	-
Foundation operations				
Endowment assessment	4,200,000	5,500,000	5,500,000	(1,300,000)
Operating Pool investment earnings	4,300,000	2,700,000	2,700,000	1,600,000
Current year allocation from buildings	1,300,000	1,300,000	1,300,000	-
Alumni revenue	423,500	423,500	351,209	72,291
Unrestricted gift income	200,000	200,000	167,493	32,507
Distribution form CAPFA funds	6,050,000	6,800,000	7,843,161	(1,793,161)
Athletics Line of Credit Interest	270,000	90,000	270,000	-
Total funding from operations	15,693,500	17,013,500	18,131,863	(1,388,363)
Total Funding Sources	28,062,642	28,332,642	29,451,005	(1,388,363)
Funding uses				
Support to university				
President's allocations	1,384,725	545,581	1,377,383	(7,342)
Vice Presidents' allocations	335,643	328,644	272,033	(63,610)
Other allocations to university	309,255	224,564	109,473	(199,782)
Total Support to university	2,029,623	1,098,789	1,758,889	(270,734)
Foundation expenses				
Salaries and benefits				
Development	6,433,221	7,647,376	6,202,909	(230,312)
Administration	7,809,380	7,812,590	6,654,598	(1,154,782)
Alumni Relations	2,955,836	2,378,983	2,403,838	(551,998)
Total Salaries and Benefits	17,198,437	17,838,949	15,261,345	(1,937,092)
Other operating				
Development	1,461,197	844,061	827,725	(633,472)
Administration	4,986,193	3,887,929	3,222,121	(1,764,072)
Alumni Relations	2,326,928	1,564,636	1,245,839	(1,081,089)
Total Other operating	8,774,318	6,296,626	5,295,685	(3,478,633)
Total Foundation expenses	25,972,755	24,135,575	20,557,030	(5,415,725)
Total Funding Uses	28,002,378	25,234,364	22,315,919	(5,686,459)
Sources Less Uses	60,264	3,098,278	7,135,086	(7,074,822)

Attachment F

UCF Research Foundation, Inc.
Operating Budget
Fiscal Year 2023-2024

	2022-23 PROPOSED BUDGET	2022-23 ACTUAL BUDGET	2022-23 ANNUALIZED PROJECTED ACTUAL	PROPOSED vs PROJECTED Fav/(Unfav) Variance
<u>Funding Sources</u>	\$	\$	\$	\$
Royalties and licensing fees	1,000,000	1,160,000	899,279	100,721
Contracts and grants ²	13,600,000	13,500,000	12,557,806	1,042,194
Contribution and other agreements income ³	3,200,000	2,100,000	2,899,833	300,167
Conferences and workshops ³	300,000	195,000	351,173	(51,173)
Incubator Rents ⁴	350,000	390,000	331,623	18,377
Management fees and F&A ⁵	1,550,000	1,500,000	1,375,000	175,000
Total Funding Sources¹	20,000,000	18,845,000	18,414,714	1,585,286
<u>Funding Uses</u>				
Royalties and licensing allocations and expense	750,000	870,000	674,459	(75,541)
Contracts and grants expense ²	13,600,000	13,500,000	12,557,806	(1,042,194)
Contribution and other agreements expense ³	3,200,000	2,100,000	2,899,833	(300,167)
Conferences and workshops ³	300,000	195,000	285,761	(14,239)
Incubator Rents	350,000	390,000	385,037	35,037
Other operating expenses ⁶	1,470,098	1,500,000	1,350,343	(119,755)
Gap Fund ⁷	250,000	250,000	200,000	(50,000)
Total Funding Uses	19,920,098	18,805,000	18,353,240	(1,566,858)
Sources Less Uses	79,902	40,000	61,474	18,428

¹ Total funding sources include all awarded monies regardless of applicable restrictions as UCFRF's revenue is recognized only to the extent expenses are incurred in executing the applicable contracts and grants or when an enforceable promise is made. Due to this method of recognition, the presentation within may result in budget surpassing revenue while conversely resulting in a budget deficit to expenses or the reverse. This leads to the appearance of favorable or unfavorable positions per line item of budget to actual that do not reflect the factual activity, however the overall net impact is favorable since additional awards and funding dollars are continuously being received.

² Revenue and expenses for contracts and grants exceeds the fiscal 2023 annualized projected actuals amount and the fiscal 2023 budgeted amount due to the expected continued growth in sponsored research. The projected growth for fiscal 2023 is expected to be 5%, or \$608 thousand, as compared to actual growth in fiscal 2022 of 28%, or \$2.6 million, thus we are taking a conservative approach in our projected growth for fiscal 2024 to be 8%, or \$1 million.

³ Revenue and expenses for contributions and other agreements, as well as conferences and workshops, are consistent with the fiscal 2023 projected annualized amounts. Noteworthy, the large increase in the fiscal 2024 proposed budgeted amount as compared to the fiscal 2023 budgeted amount for conferences and workshops was due to the uncertainty surrounding the impact of the unanticipated separation from GrowFL at the end of fiscal 2022.

⁴ Incubator rent revenue is consistent with the fiscal 2023 projected annualized amount while excluding prior year residual rental income. There is however a noteworthy decrease in fiscal 2024 proposed budgeted amount as compared to the fiscal 2023 budgeted amount due to a decrease in the number of clients noted in fiscal 2023 third quarter of 59 as compared to 77 in fiscal 2022 third quarter. The projected decrease in growth for fiscal 2023 is expected to be 12%, or \$45 thousand, as compared to actual growth in fiscal 2022 of 21%, or \$65 thousand, thus we are taking a conservative approach in our projected growth for fiscal 2023 to be 5%, or \$18 thousand.

⁵ Management fees and F&A represent the net funds retained by the Research Foundation after necessary distributions. The fiscal 2023 proposed budget represents an 8.3% growth in revenue earned and retained which is in line with the expected conservative growth noted above in contracts, grants, contributions, rents, conferences, and unit residuals.

⁶ Other operating expenses includes funding for research foundation payroll and operating expenses plus offset by reimbursed legal fees. The fiscal 2024 proposed budgeted amount considers the fiscal 2023 third quarter hiring of a Contract Officer and Post Award Specialist. The proposed budget assumes the hiring of a Contract Officer, Contract Accountant, and an Accounts Payable/Receivable Analyst throughout fiscal 2024 due to award growth previously mentioned.

⁷ Gap Fund expenses annualized in fiscal 2023 include both the projected current year awards and the actual expenditures related to Fiscal Year 2022 awards. The Gap Fund program for fiscal 2023 is not expected to be fully awarded due to the fewer number of proposals presented to this Board during fiscal 2023. The Gap Fund program is fully budgeted in fiscal 2024.

Attachment G

UCF STADIUM CORPORATION ANNUAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Description	2023-24 PROPOSED BUDGET	2022-23 APPROVED BUDGET	2022-23 PROJECTED ACTUALS	YOY Fav/(Unfav) Variance	
<i>Funding Sources</i>					
	\$	\$	\$	\$	
Premium seating - West Side	2,446,500	2,330,000	2,564,279	(117,779)	
Premium seating - Field Cabanas	352,000	352,000	296,729	55,271	
Concessions & catering	500,000	450,000	645,789	(145,789)	
Merchandise sales	250,000	250,000	250,000	-	
Excess revenues from beverage contract	180,000	180,000	180,000	-	
Total Funding Sources	3,728,500	3,562,000	3,936,797	(208,297)	
<i>Funding Uses</i>					
Services & supplies	55,000	55,000	43,754	(11,246)	
Repairs and replacement (R&R) funding	250,000	250,000	250,000	-	
		-	-	-	
Total Funding Uses	305,000	305,000	293,754	(11,246)	
<i>Non-operating Sources/ (Uses)</i>					
Ticket sales	4,562,250	4,345,000	4,593,103	(30,853)	
UCFAA rent	2,121,000	2,121,000	2,121,000	-	
Guaranteed royalty	2,000,000	1,950,000	1,950,000	50,000	
Transfers to UCFAA	(8,783,300)	(8,357,963)	(9,006,305)	223,005	
Interest income	50,000	55,000	70,000	(20,000)	
Interest expense	(1,417,450)	(1,511,037)	(1,511,037)	93,587	
Principal	(2,211,000)	(2,114,000)	(2,114,000)	(97,000)	
Pledges for Leadership Center	255,000	255,000	254,196	804	
Total Non-operating Sources/ (Uses)	(3,423,500)	(3,257,000)	(3,643,042)	219,542	
Surplus/(Deficit)	-	-	-	-	
<i>Debt Service Summary</i>					
	Annual Debt Service			Outstanding Principal	
	Principal	Interest	Total	As of 6/30/23	As of 6/30/24
Tax-exempt bonds	1,490,000	1,028,169	2,518,169	25,245,000	23,755,000
Taxable bonds	425,000	354,845	779,845	7,305,000	6,880,000
Leadership Center	296,000	34,437	330,437	1,383,000	1,087,000
Total Debt Service	2,211,000	1,417,450	3,628,450	33,933,000	31,722,000
<i>R&R Reserve Summary</i>					
	Estimated Fiscal Year 2024 Balances				
	Beginning of Year	Reserve Funding	Estimated Expenses	End of Year	
Non-recurring maintenance (R&R) Expenses	1,692,634	250,000	(880,000)	1,062,634	
Rust remediation	-	-	-	-	
Total R&R Reserve Activity	1,692,634	250,000	(880,000)	1,062,634	

Attachment H

**CENTRAL FLORIDA CLINICAL PRACTICE ORGANIZATION INC.
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2024**

Description	2023-24	2022-23	2022-23	YOY
	PROPOSED BUDGET	APPROVED BUDGET	PROJECTED ACTUALS	Fav/(Unfav) Variance
Funding Sources				
Patient Care ¹	\$ 8,962,268	\$ 10,972,797	\$ 7,697,368	1,264,900
Other ²	1,580,639	1,417,832	1,245,274	335,365
Total Funding Sources	10,542,907	12,390,629	8,942,642	1,600,265
Funding Uses				
Professional Services ³	5,054,715	4,980,356	4,973,872	(80,843)
Medical Supplies, Services & Equipment ⁴	2,962,163	4,188,209	3,304,392	342,229
Facility Expense ⁵	130,140	225,397	152,001	21,861
Information Technology ⁶	347,870	408,118	357,927	10,057
Other Expense ⁷	143,182	116,417	118,245	(24,937)
Transfers to the College of Medicine ⁸	3,557,256	4,630,366	455,290	(3,101,966)
Total Funding Uses	12,195,326	14,548,863	9,361,727	(2,833,599)
Surplus/(Deficit)	(1,652,419)	(2,158,234)	(419,085)	(1,233,334)

¹ Patient Care Revenue is expected to increase compared to FY2023 with the planned recruitment of seven providers and through the continued growth of the infusion center. It is lower than the current year budget due to recruitment efforts being shifted from FY2023 to FY2024. In addition, the infusion center was expected to grow as a faster rate in FY2023 and that expectation has been lowered for FY2024.

² Other Revenue is expected to increase with the addition of another provider for the contract arrangement with Osceola County and the Osceola County Sheriff's Office to provide on-site medical care to Osceola County employees. UCF Health is also now participating in an Accountable Care organization that will provide supplemental income for Medicare patient encounters.

³ The increase in Professional Services is related to the purchase of management advisory services regarding the future expansion of clinical activity on the Academic Health Science campus.

⁴ The decrease in Medical Supplies is primarily due to the lower than expected growth rate in the infusion center as well as the off-boarding of MOH's surgeon in FY2023.

⁵ The budget for facility maintenance was moved to the UCF Health auxiliary fund under the College of Medicine which is funded by the CFPO. The UCF Health budget was organized this way to allow for better fund management.

⁶ The decrease in Information Technology expense is due to a fully amortized EHR implementation as of FY2023 but is partially offset by other IT projects and the purchase of hardware and licenses for new providers.

⁷ Other expense is expected to increase due to higher costs related to provider and staff licensing, development, and training.

⁸ The increase in transfer of funds to the College of Medicine is to support the anticipated start up costs of seven new UCF Health providers and to fund facility and other UCF Health related costs paid by the College of Medicine. Furthermore, strategic investment from cash reserves is planned to support the College's research and education missions. Funds will be provided for future diversity scholarships, as well as for the Lake Nona Cancer Center building in preparation to house the UCF cancer research activity.



**Board of Trustees
Budget and Finance Committee | June 28, 2023**

BUDC-3: Renewal of Reducing Revolving Line of Credit – Fifth Third Bank

Information Discussion Action

Meeting Date for Upcoming Action: June 29, 2023

Purpose and Issues to be Considered:

Construction Reducing Balance Revolving Line Details: Interest rate is 79% of 30-day SOFR Rate plus 1.34%; however, the SOFR rate will not drop below 50 basis points (lowered from 75 basis points in FY2021 for the purposes of calculating the rate). Principal payment of \$330,000 will be due on July 15, 2023, and the principal owed on the note as of the July 18 renewal date will be \$4,125,000.

Background Information:

Reducing Revolving Line (Construction):

This line of credit was originally opened in 2004 for the purpose of constructing facilities for women’s sports. The original amount of the line was \$4.5 million and was increased to \$8.5 million in 2006 to help facilitate initial costs of the football stadium and then additional needs once the stadium bonds were issued and the line was reimbursed for the initial expenses. Each year, the line is renewed and includes a negotiated principal payment. The interest rate on this line is tax-exempt. There are no more draws available on the line and the current balance owed is \$4,455,000.

Recommended Action:

Recommend approval of loan renewal documents to the Board of Trustees.

Alternatives to Decision:

Deny the renewal and allow the line to expire. UCF Athletics Association (UCFAA) would not have the funds available to pay off the reducing line and would be unable to take draws on the revolving line limiting the ability to pay for expenses in a timely manner.

Fiscal Impact and Source of Funding:

UCFAA budgeting \$451,384 for principal and interest on the note to be funded from the operating budget.

Authority for Board of Trustees Action:

Florida BOG Regulation 1.001 University Board of Trustees Powers and Duties (6)(d). Each board of trustees shall engage in sound debt management practices for the issuance of debt by the university and its direct support organizations and shall comply with the guidelines established by the Board of Governors in connection with the authorization, issuance and sale of university and direct support organization debt.

Contract Reviewed/Approved by General Counsel N/A

Committee Chair or Chair of the Board has approved adding this item to the agenda



Board of Trustees

Agenda Memo

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Terry Donovan, Executive Senior Associate Athletics Director and Chief Financial Officer for UCFAA

Supporting Documentation:

Attachment A: Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents

Facilitators/Presenters:

Gerald Hector

Terry Donovan

**TENTH MODIFICATION OF
RENEWAL REDUCING REVOLVING LINE OF CREDIT PROMISSORY NOTE
AND OTHER LOAN DOCUMENTS**

THIS TENTH MODIFICATION OF RENEWAL REDUCING REVOLVING LINE OF CREDIT PROMISSORY NOTE AND OTHER LOAN DOCUMENTS (this “Modification”) is executed as of the 16th day of July, 2023, by and between **FIFTH THIRD BANK, NATIONAL ASSOCIATION** (“Lender”), whose address is 200 East Robinson Street, Suite 1000, Orlando, Florida 32801, and **UCF ATHLETICS ASSOCIATION, INC.**, a not-for-profit Florida corporation (“Borrower”), whose address is 4192 North Orion Boulevard, Orlando, Florida 32816.

WITNESSETH:

WHEREAS, Borrower is indebted to Lender under a \$4,455,000.00 reducing revolving line of credit loan (the “Loan”) as evidenced by that certain Renewal Reducing Revolving Line of Credit Promissory Note by Borrower in favor of Lender, effective as of December 31, 2013, as modified by that certain First Modification and Renewal of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 3, 2014, that certain Second Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 5, 2015, that certain Third Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated to be effective as of July 4, 2016, that certain Fourth Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated to be effective as of July 3, 2017, that certain Fifth Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated to be effective as of June 30, 2018, that certain Sixth Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 20, 2019; that certain Seventh Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 19, 2020; that certain Eighth Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 18, 2021, and that certain Ninth Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 17, 2022 (collectively as modified, the “Note”), with a Maturity Date of July 16, 2023, pursuant to that certain Amended and Restated Loan Agreement, effective as of December 31, 2013 (as amended, supplemented or otherwise modified at any time or from time to time, the “Loan Agreement”) and other related loan documents (as the same may be amended, supplemented or otherwise modified at any time or from time to time, collectively, the “Loan Documents”); and

WHEREAS, the Loan is scheduled to mature on July 16, 2023 and the Borrower has requested the Lender to (i) renew and extend the Loan through July 15, 2024 and (ii) amend the interest rate under the Note from a floating rate to a fixed rate, and the Lender has agreed to do so, provided the Borrower executes this Modification, including without limitation agreeing to the amendments set forth herein, and reaffirms the pledge of certain revenues available to the Borrower in favor of Lender for the payment of the Loan; and

WHEREAS, the Borrower and the Lender have agreed to modify the Note, the Loan Agreement and the Loan Documents upon the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the premises hereof, and the mutual covenants contained herein, and the sum of TEN AND 00/100 DOLLARS (\$10.00) in hand paid by the Borrower to the Lender, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Recitals. All of the foregoing recitations are true and correct and are hereby incorporated herein and made a part hereof.
2. Representations of Borrower. In order to induce Lender to enter into this Agreement, Borrower does hereby acknowledge, represent and warrant to and in favor of Lender that: (a) the indebtedness represented by the Note is due from Borrower to Lender in accordance with the terms of the Note as modified, free from any defense, claim, or right to set-off; (b) as of July 16, 2023, the outstanding principal balance of the Loan is \$4,125,000.00 plus accrued and unpaid interest, (c) the principal payment on the Loan, due on July 15, 2023, in the amount of \$330,000.00, was paid by the Borrower on or before such date, and (d) there are no suits, judgments, bankruptcies or executions pending against Borrower in any court which could in any way materially affect Borrower's ability to make payments of obligations due on the Loan.
3. Modification of Loan Documents. The Note, the Loan Agreement and/or the other Loan Documents are hereby modified as follows:
 - (a) The definition of the term "Maturity Date" in the first line of Section 1 of the Note is hereby amended by deleting "July 16, 2023" and inserting July 15, 2024 in place thereof.
 - (b) Section 2 of the Note is hereby amended and restated in its entirety as follows:
 - "2. INTEREST RATE. The principal sum outstanding shall bear interest, subject to the provisions of Section 20 of this Note, at a floating rate per annum equal to 79% of the Term SOFR Rate plus 1.34 percent (1.34%) (the "Interest Rate"). The term "Term SOFR Rate" means, for any day, the forward-looking SOFR rate administered by CME Group, Inc. (or other successor administrator) and published on the applicable Bloomberg LP screen page (or such other commercially available source providing such quotations as may be selected by the Lender) relating to quotations for one (1) month, fixed by the administrator two (2) Business Days prior to such date of determination (provided, however, that if the Term SOFR Rate is not published for such Business Day, then the Term SOFR Rate shall be determined by reference to the immediately preceding Business Day on which such rate is published), rounded upwards, if necessary, to the next 1/8th of 1% and adjusted for reserves if the Lender is required to maintain reserves with respect to the Loan, all as determined by the Lender in accordance with the Note and the Lender's loan systems and procedures periodically in effect. Each determination by the Lender of the Term SOFR Rate shall be binding and conclusive in the absence of manifest error.

Notwithstanding anything to the contrary contained herein, in no event shall the Term SOFR Rate be less than 0.00% as of any date (the “Term SOFR Rate Minimum”); *provided* that, at any time during which a Rate Management Agreement with the Lender is then in effect with respect to all or a portion of the Obligations, the Term SOFR Rate Minimum shall be disregarded and no longer of any force and effect with respect to such portion of the Obligations subject to such Rate Management Agreement. The term “SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate published by the Federal Reserve Bank of New York (or a successor administrator) on the administrator’s website (or any successor source for the secured overnight financing rate identified as such by the administrator) at approximately 2:30 p.m. (New York City time) on the immediately succeeding Business Day.”

(c) Section 3(b) of the Note is hereby amended and restated in its entirety as follows:

“(b) Principal Payments. Principal shall be payable on the following dates, in the following amounts (assuming the Maturity Date continues to be extended for successive Extension Periods as hereinafter provided):

DATE	AMOUNT
07/15/2024	\$345,000
07/15/2025	\$360,000
07/15/2026	\$370,000
07/15/2027	\$385,000
07/15/2028	\$400,000
07/15/2029	\$420,000
07/15/2030	\$435,000
07/15/2031	\$450,000
07/15/2032	\$470,000
07/15/2033	\$490,000”

4. Reaffirmation of Revenue Pledge. The Borrower hereby reaffirms the pledge of the Collateral as defined in the Loan Documents, including without limitation all student athletic fee revenues from the University of Central Florida, and agrees and confirms that said pledge remains in full force and effect and continues to secure the Loan. Further, the Borrower represents to the Lender that the Board of Trustees of the University of Central Florida has not rescinded or modified the pledge by the Borrower of the Collateral to the repayment of the Loan. The Borrower also hereby authorizes Lender at any time to file any new or amended financing statements with the Florida Secured Transaction Registry deemed by Lender in its discretion to be necessary or appropriate to ensure perfection of the security interest and pledge reaffirmed hereby.

5. **WAIVER OF JURY TRIAL. BY THE EXECUTION HEREOF, BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE, THAT:**
- (a) **NEITHER THE BORROWER NOR LENDER, NOR ANY ASSIGNEE, SUCCESSOR, HEIR OR LEGAL REPRESENTATIVE OF ANY OF THE SAME SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE ARISING FROM OR BASED UPON THIS MODIFICATION OR ANY LOAN DOCUMENT EVIDENCING, SECURING OR RELATING TO THE OBLIGATIONS OR TO THE DEALINGS OR RELATIONSHIP BETWEEN OR AMONG THE PARTIES THERETO;**
 - (b) **NEITHER THE BORROWER NOR LENDER SHALL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL HAS NOT BEEN OR CANNOT BE WAIVED;**
 - (c) **THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY NEGOTIATED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS;**
 - (d) **NEITHER THE BORROWER NOR LENDER HAS IN ANY WAY AGREED WITH OR PRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES; AND**
 - (e) **THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER INTO THIS MODIFICATION AND SHALL RUN TO THE BENEFIT OF LENDER AND BORROWER ONLY AND SHALL NOT BENEFIT ANY THIRD PARTIES.**
6. Fees. Borrower agrees that all costs and expenses associated with the negotiation, preparation, execution and delivery of this Agreement, including, but not limited to, the Lender's attorney's fees, and documentary stamp fee and intangible taxes, if applicable, (together with all interest and penalties thereon, if any) and other related expenses, plus accrued interest on the Loan, shall be paid by Borrower on or before the effective date of this Modification. Borrower agrees to defend, indemnify, and hold harmless the Lender from and against any and all such costs and expenses, and agrees that the Lender shall not in any way be held liable for such costs and expenses.
7. Conditions to Effectiveness. This Modification and the effectiveness of the provisions hereof shall be conditioned upon (i) the accuracy of the representations of the Borrower set forth in Section 2 above and each of the other representations and warranties set forth in the other Loan Documents, in each case as of the

effective date hereof, (ii) payment of the fees and expenses set forth in Section 6 above, (iii) receipt by the Lender of a certificate of status issued by the Secretary of State of Florida not earlier than fifteen (15) business days prior to the effective date hereof and satisfactory results of lien searches and other due diligence conducted by the Lender in its discretion, (iv) execution and delivery by the Borrower of this Modification and the Certificate of Organizational Documents, Resolutions and Incumbency as of the date of execution of this Modification, and (v) any other agreement, certificate, instrument or other document reasonably required by the Lender.

8. Miscellaneous. Except for the changes and modifications effected hereby, it is expressly agreed that the Loan Documents shall remain in full force and effect in strict accordance with the terms thereof, and nothing herein contained shall affect or be construed to affect the other Loan Documents, or to release or affect the liability of any party or parties who may now or hereafter be liable under or on account of the Loan Documents. This Modification constitutes the complete agreement between the parties hereto and incorporates all prior discussions, agreements and representations made in regard to the matters set forth herein. This Modification shall be binding upon and shall inure to the benefit of, the heirs, executors, administrators, personal representatives, successors and assigns of the parties hereto. This Modification shall be governed by and interpreted in accordance with the laws of the State of Florida.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Modification have executed this Modification in a manner and form sufficient to bind them as of the day and year first above written.

LENDER:

FIFTH THIRD BANK, NATIONAL ASSOCIATION

By: _____

Name: Lisa Z. Cox

Title: Senior Vice President

BORROWER:

UCF ATHLETICS ASSOCIATION, INC., a
Florida not-for-profit corporation

By: _____

Name: Terry Mohajir

Title: President

UCF ATHLETICS ASSOCIATION, INC., a
Florida not-for-profit corporation

By: _____

Name: Terry Donovan

Title: Chief Financial Officer



Board of Trustees Budget and Finance Committee | June 28, 2023

BUDC-4: UCF Stadium Corporation Release of Unrestricted Surplus

Information

Discussion

Action

Meeting Date for Upcoming Action: June 29, 2023

Purpose and Issues to be Considered:

The UCF Athletics Association’s Board of Directors and the UCF Stadium Corporation’s Board of Directors will have approved the respective organization’s annual budget for the fiscal year ending June 30, 2024, by the University Board of Trustees meeting. Both budgets have been presented to the University President and are now being presented to the University Board of Trustees through this committee for approval. Both budgets also reflect the transfer of pledged revenues from UCF Athletics Association (UCFAA) to UCF Stadium Corporation (UCFSC) and the release of UCFSC’s unrestricted surplus back to UCFAA.

Background Information:

UCFSC’s term loan is secured by football ticket sales as well as rent and guaranteed royalty payments from the UCFAA. These pledged revenues are anticipated to be sufficient to fund UCFSC’s annual debt service and operating costs. Football away-game guarantees and conference distributions are also pledged toward the UCFSC’s debt issuances but are not reflected in UCFSC’s annual budget because they are not required to fund UCFSC’s annual debt service and operating costs. Additionally, there is a support agreement whereby the University will use legally available revenues to fund deficiencies that may arise in the event UCFSC is unable to make the minimum bond payments.

The attached annual budget for the fiscal year ending June 30, 2024, as approved by UCFSC’s Board of Directors, reflects the release of a projected unrestricted surplus of \$8,783,300. This represents the estimate of funds that will be available to transfer to UCFAA after UCFSC’s annual debt service requirements, contributions to the R&R reserve, and annual operating costs are funded. The release of the unrestricted surplus will be offset by the transfer of pledged ticket sales (\$4,562,250), stadium rent (\$2,121,000) and guarantee royalty payments (\$2,000,000) resulting in an estimated net transfer of \$100,050 from the UCFSC to the UCFAA.

Recommended Action:

Recommend approval of the release of the UCF Stadium Corporation’s unrestricted surplus for the fiscal year ending June 30, 2024, to UCF Athletics Association.

Alternatives to Decision:

Decline to recommend approval of the release of the UCF Stadium Corporation’s unrestricted surplus to UCF Athletics Association or recommend approval of the release of a reduced amount, for the fiscal year ending June 30, 2024.

Fiscal Impact and Source of Funding:

UCFAA depends on UCFSC’s unrestricted surplus to fund its operations.



Board of Trustees

Agenda Memo

Authority for Board of Trustees Action:

BOG Regulation 9.011(7) and University Regulation UCF-4.034(7)

Contract Reviewed/Approved by General Counsel N/A

Committee Chair or Chair of the Board has approved adding this item to the agenda

Submitted by:

Gerald Hector, Senior Vice President for Finance and Administration

Terry Donovan, Executive Senior Associate Athletics Director and Chief Financial Officer for UCFAA

Supporting Documentation:

Attachment A: UCF Stadium Corporation 2023-2024 Budget

Facilitators/Presenters:

Gerald Hector

Terry Donovan

Attachment A

UCF STADIUM CORPORATION ANNUAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Description	2023-24 PROPOSED BUDGET	2022-23 APPROVED BUDGET	2022-23 PROJECTED ACTUALS	YOY Fav/(Unfav) Variance	
<i>Funding Sources</i>					
	\$	\$	\$	\$	
Premium seating - West Side	2,446,500	2,330,000	2,564,279	(117,779)	
Premium seating - Field Cabanas	352,000	352,000	296,729	55,271	
Concessions & catering	500,000	450,000	645,789	(145,789)	
Merchandise sales	250,000	250,000	250,000	-	
Excess revenues from beverage contract	180,000	180,000	180,000	-	
Total Funding Sources	3,728,500	3,562,000	3,936,797	(208,297)	
<i>Funding Uses</i>					
Services & supplies	55,000	55,000	43,754	(11,246)	
Repairs and replacement (R&R) funding	250,000	250,000	250,000	-	
		-	-	-	
Total Funding Uses	305,000	305,000	293,754	(11,246)	
<i>Non-operating Sources/ (Uses)</i>					
Ticket sales	4,562,250	4,345,000	4,593,103	(30,853)	
UCFAA rent	2,121,000	2,121,000	2,121,000	-	
Guaranteed royalty	2,000,000	1,950,000	1,950,000	50,000	
Transfers to UCFAA	(8,783,300)	(8,357,963)	(9,006,305)	223,005	
Interest income	50,000	55,000	70,000	(20,000)	
Interest expense	(1,417,450)	(1,511,037)	(1,511,037)	93,587	
Principal	(2,211,000)	(2,114,000)	(2,114,000)	(97,000)	
Pledges for Leadership Center	255,000	255,000	254,196	804	
Total Non-operating Sources/ (Uses)	(3,423,500)	(3,257,000)	(3,643,042)	219,542	
Surplus/(Deficit)	-	-	-	-	
<i>Debt Service Summary</i>					
	Annual Debt Service			Outstanding Principal	
	Principal	Interest	Total	As of 6/30/23	As of 6/30/24
Tax-exempt bonds	1,490,000	1,028,169	2,518,169	25,245,000	23,755,000
Taxable bonds	425,000	354,845	779,845	7,305,000	6,880,000
Leadership Center	296,000	34,437	330,437	1,383,000	1,087,000
Total Debt Service	2,211,000	1,417,450	3,628,450	33,933,000	31,722,000
<i>R&R Reserve Summary</i>					
	Estimated Fiscal Year 2024 Balances				
	Beginning of Year	Reserve Funding	Estimated Expenses	End of Year	
Non-recurring maintenance (R&R) Expenses	1,692,634	250,000	(880,000)	1,062,634	
Rust remediation	-	-	-	-	
Total R&R Reserve Activity	1,692,634	250,000	(880,000)	1,062,634	



Board of Trustees Budget and Finance Committee | June 28, 2023

BUDC-5: UCF Parking Bonds Early Defeasance

Information

Discussion

Action

Meeting Date for Upcoming Action: June 29, 2023

Purpose and Issues to be Considered:

The university is seeking approval for the early defeasance of all outstanding UCF Parking Service Facility (UCF Parking) bonds. UCF Parking is currently projected to have over \$30 million in operating cash reserves, \$6.9 million in Renewal and Replacement (R&R) reserves, and \$2.1 million of interest and sinking (I&S) funds at the end of FY2023.

If approved, the university would utilize the UCF Parking R&R reserves, I&S funds, and a portion of the operating cash reserves to legally defease all outstanding parking bonds. The university will transfer \$12.1 million in cash from these combined sources to the State Board of Administration (SBA) to fund the following:

1. The Series 2012A bonds maturing in 2023 and thereafter are redeemable prior to their stated dates of maturity, without premium. Approximately \$4.8 million would be used to optionally redeem these bonds prior to their stated dates of maturity.
2. The Series 2018A and Series 2019A Bonds are not subject to redemption prior to maturity. Approximately \$7.3 million would be used to purchase State and Local Government Securities (SLGS) to be held in an escrow account managed by the SBA. The value of these SLGS, plus their projected interest earnings, would be used to meet the future debt service obligations until their final maturity.

As a result of these actions, all the outstanding UCF Parking bonds would then be considered legally defeased for the university providing the following projected benefits.

1. The early defeasance is projected to result in over \$900,000 in interest expense savings over the life of the existing bonds.
2. The university parking auxiliary enterprise would no longer be restricted by Board of Governors (BOG) Regulation 9.008 - University Auxiliary Facilities with Outstanding Revenue Bonds, which restricts any bond related auxiliary cash reserves from being used for purposes outside of the primary mission of the auxiliary.
3. The defeasance would eliminate several reporting and compliance requirements, including the preparation of annual UCF Parking financial statements, maintenance of a prescribed UCF Parking R&R fund, preparation of a unique UCF Parking budget submitted to the Florida Board of Governors, reporting of UCF Parking related statistical information, annual disclosure and compliance certifications, and annual rating agency surveillance reviews specifically on the UCF Parking auxiliary system.



The university does not anticipate any negative impact to the existing services, quality, or future maintenance of its parking and transportation facilities as a result of the early defeasance.

Background Information:

UCF Parking currently has three outstanding bond issuances with a combined par value as of June 28, 2023, of \$11,320,000 (See attachment A – UCF Parking Global Amortization Schedule). These bonds are secured by a pledge of all UCF Parking auxiliary revenues which are forecasted to be approximately \$22 million in FY2024. The UCF Parking auxiliary is required to maintain a coverage ratio of 1.20x, and the UCF Parking coverage ratio for FY2022 was 6.47x.

For a complete overview of UCF Parking’s financial position for FY2022, please refer to Attachment B – UCF Parking Annual Financial Information FY2022.

Recommended Action:

Recommend approval of the early defeasance of the Series 2012A, Series 2018A and Series 2019A UCF Parking bonds to the UCF Board of Trustees.

Alternatives to Decision:

Decline to recommend approval of the early defeasance of the UCF Parking bonds and continue making annual debt service payments through FY2032.

Fiscal Impact and Source of Funding:

The projected use of \$12.1 million of UCF Parking auxiliary funds from the following forecasted sources.

1. Parking Operating funds – \$3.1 million
2. Parking R&R funds - \$6.9 million
3. Parking I&S funds - \$2.1 million

Authority for Board of Trustees Action:

UCF BOT Bylaws Section 2.2 and Budget and Finance Committee Charter

Contract Reviewed/Approved by General Counsel N/A

Committee Chair or Chair of the Board has approved adding this item to the agenda

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

Attachment A: UCF Parking Global Amortization Schedule

Attachment B: UCF Parking Annual Financial Information FY 2022

Attachment C: UCF Parking Defeasance Preliminary Sources and Uses Calculation

Attachment D: UCF Parking Request to Division of Bond Finance to Defeas Bonds

Facilitators/Presenters:

Gerald Hector

Bert Francis, Assistant Vice President for Debt Management and University Treasurer

Attachment A

UCF Parking Global Amortization Schedule

FISCAL YEAR	Parking Series 2012A		Parking Parking 2018A		Parking Parking 2019A		Total Prinicipal & Interest		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2023	410,000	150,850	855,000	87,750	590,000	240,750	1,855,000	479,350	2,334,350
2024	425,000	134,450	900,000	45,000	620,000	211,250	1,945,000	390,700	2,335,700
2025	440,000	117,450			650,000	180,250	1,090,000	297,700	1,387,700
2026	455,000	104,250			685,000	147,750	1,140,000	252,000	1,392,000
2027	470,000	90,600			720,000	113,500	1,190,000	204,100	1,394,100
2028	480,000	76,500			755,000	77,500	1,235,000	154,000	1,389,000
2029	495,000	62,100			795,000	39,750	1,290,000	101,850	1,391,850
2030	510,000	47,250					510,000	47,250	557,250
2031	525,000	31,950					525,000	31,950	556,950
2032	540,000	16,200					540,000	16,200	556,200
Total	4,750,000	831,600	1,755,000	132,750	4,815,000	1,010,750	11,320,000	1,975,100	13,295,100

**UNIVERSITY OF CENTRAL FLORIDA
PARKING FACILITY REVENUE BONDS**

Maturity Date	CUSIP Numbers		
	Series 2012A Dated 10/18/12	Series 2018A Refunding Dated 06/21/18	Series 2019A Refunding Dated 02/06/20
7/01/23	341578 BS0	341578 CG5	341578 CM2
7/01/24	341578 BT8	341578 CH3	341578 CN0
7/01/25	341578 BU5	-	341578 CP5
7/01/26	341578 BV3	-	341578 CQ3
7/01/27	341578 BW1	-	341578 CR1
7/01/28	341578 BX9	-	341578 CS9
7/01/29	341578 BY7	-	341578 CT7
7/01/30	341578 BZ4	-	-
7/01/31	341578 CA8	-	-
7/01/32	341578 CB6	-	-

**ANNUAL FINANCIAL INFORMATION
AND OPERATING DATA
SUBMITTED PURSUANT TO RULE 15c2-12
OF THE SECURITIES AND EXCHANGE COMMISSION
FOR THE**

**STATE OF FLORIDA
BOARD OF GOVERNORS
UNIVERSITY OF CENTRAL FLORIDA
PARKING FACILITY REVENUE BONDS,**

**SERIES 2012A
SERIES 2018A (REFUNDING)
SERIES 2019A (REFUNDING)**

for Fiscal Year ended June 30, 2022

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I. Number of Parking Spaces	1
II. Transportation Access Fees, Decal Sales, Fines, Meters, and Interest as Percentage of Parking System Revenues	1
III. Number and Cost of Decals Issued; Student Transportation Access Fee	2
IV. Debt Service Coverage	3
V. University Admissions and Registrations	4
VI. University Enrollment	5
VII. Litigation	5

Investment of Funds ATTACHED

University of Central Florida Unaudited Parking Financial Statements for Fiscal Year 2021-22* ATTACHED

University of Central Florida Audited Financial Statements for Fiscal Year 2021-22..... ATTACHED

* Includes Historical Statement of Operations and Summary of Balance Sheet Data sections

I. Number of Parking Spaces

Currently, the Parking System includes 10 parking garages located on the main campus of the University containing a combined 11,787 parking spaces. Additionally, there are 6,472 surface parking spaces, 482 overflow and unpaved parking spaces. 4,092 of these spaces are designated as specialty (reserved, disabled, metered, service, motorcycle, Lake Claire, Greek, and Academic Villages) parking spaces. Combined parking inventory for the Health Sciences Campus, Downtown and Rosen, which includes 1 garage at the Downtown campus, make up an additional 2,884 spaces for a total inventory of 21,625 parking spaces.

II. Transportation Access Fees, Decal Sales, Fines, Meters, and Interest as Percentages of Parking System Revenues

Percentage of Parking System Revenues

<u>Revenue Type</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21¹</u>	<u>FY 2021-22</u>
Transportation Access Fee	64.5%	60.2%	60.2%	80.5%	64.0%
Decal Sales	22.8%	22.2%	25.6%	12.2%	22.4%
Fines	5.0%	5.3%	3.8%	2.3%	3.3%
Meters & Daily Permits ²	3.9%	3.8%	2.8%	1.6%	2.9%
Investment Income ³	2.1%	7.0%	6.5%	3.1%	6.4%
Other Miscellaneous	<u>1.7%</u>	<u>1.5%</u>	<u>1.1%</u>	<u>0.3%</u>	<u>1.0%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%

¹ Decal sales decreased due to the extension of the expiration date of existing permits through the fall 2020 semester, resulting in increase in the percentage of parking system revenues generated by the transportation access fee.

² There are 122 metered spaces on campus and 28 permit machines which allow anyone to purchase a one-day parking permit for \$5.00 (\$3.00 after 5:30 p.m.).

³ Investment income of the Parking System.

[The remainder of the page is intentionally left blank.]

III. Number and Cost of Decals Issued; Student Transportation Access Fee

Historical Number of Parking Permits Issued¹ and Annual Parking Permit Costs by Type² and Student Transportation Access Fees

<u>Parking Permit Type</u>	<u>Fiscal Years Ended June 30,</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<i>Student</i>					
Number of Decals	15,755	15,371	13,052	5,750	15,062
Decal Cost	\$90.03	\$90.03	\$90.03	\$90.03	\$90.03
<i>Student Hangtag</i>					
Number of Hangtags	27,521	31,376	30,278	10,377	28,844
Hangtag Cost	\$94.53	\$94.53	\$94.53	\$94.53	\$94.53
<i>Staff</i>					
Number of Decals	806	729	513	348	435
Decal Cost	\$181.01	\$181.01	\$181.01	\$181.01	\$181.01
<i>Staff Hangtag</i>					
Number of Hangtags	1,687	1,927	1,618	1,345	1,875
Hangtag Cost	\$190.06	\$190.06	\$190.06	\$190.06	\$190.06
<i>Faculty/Administrative & Professional</i>					
Number of Decals	899	798	760	413	648
Decal Cost	\$303.60	\$303.60	\$303.60	\$303.60	\$303.60
<i>Faculty/Administrative & Professional Hangtag</i>					
Number of Hangtags	1,854	2,081	2,272	1,470	2,162
Hangtag Cost	\$318.78	\$318.78	\$318.78	\$318.78	\$318.78
<i>Residential</i>					
Number of Decals	2,366	2,253	1,707	1,963	2,215
Decal Cost	\$135.04	\$135.04	\$135.04	\$135.04	\$135.04
<i>Residential Hangtag</i>					
Number of Hangtags	1,969	2,080	1,733	1,774	1,849
Hangtag Cost	\$141.79	\$141.79	\$141.79	\$141.79	\$141.79
<i>Reserved Hangtag</i>					
Number of Hangtags	153	152	152	120	130
Hangtag Cost	\$1,029.58	\$1,029.58	\$1,029.58	\$1,029.58	\$1,029.58
<i>Miscellaneous</i> ³					
Number of Decals	2,224	2,358	2,029	1,322	1,867
<i>Tower Garages</i> ⁴					
Number of Decals	910	781	666	881	791
Decal Cost	\$135.04	\$135.04	\$135.04	\$135.04	\$135.04
<i>Tower Garages Hangtag</i>					
Number of Hangtags	804	956	711	726	870
Hangtag Cost	\$141.79	\$141.79	\$141.79	\$141.79	\$141.79
Total Permits Issued	56,948	60,862	55,491	26,489	56,748
<u>Student Transportation Access Fee</u>					
Per Credit Hour Fee	\$9.10	\$9.10	\$9.10	\$9.10	\$9.10
Student Credit Hours	1,653,101	1,673,931	1,703,531 ⁵	1,667,140	1,775,175

¹ Number of parking permits issued includes permits issued for one, two, and three semesters, replacement permits issued at no charge, and prorated permits.

² Permit costs shown are annualized rates that average the cost of all one, two and three semester permits over a calendar year and exclude applicable State sales tax. Hangtags are issued at a higher cost than decals because of the ability to transfer them among vehicles. Does not include single day permits issued.

³ Includes vendor, disabled, motorcycle, and Research Park permits issued at various costs.

⁴ Tower Garages are not part of the Parking System; however, revenues from Tower Garage decals and hangtags are Parking System Revenues. Spaces in the Tower Garages are reserved for residents only and include motorcycle spaces.

⁵ This number represents the total credit hours that were subject to the fee; however, the University waived 302,423 hours in summer 2020 in response to the COVID-19 pandemic.

IV. Debt Service Coverage

For further discussion of years prior to Fiscal Year 2022, see the prior annual disclosure filings on EMMA.

Historical Debt Service Coverage from Pledged Revenues¹

	<u>2018</u>	<u>2019</u>	<u>2020⁶</u>	<u>2021⁷</u>	<u>2022</u>
Operating Revenues					
Transportation Access Fee	\$14,706,584	\$15,043,319	\$12,628,110	\$15,499,424	\$14,719,794
Permit Sales	6,280,813	6,683,121	6,076,165	2,627,928	6,074,727
Parking Fines and Other Revenues	<u>1,129,249</u>	<u>1,331,007</u>	<u>800,551</u>	<u>413,470</u>	<u>788,912</u>
Total Operating Revenues	\$22,116,646	\$23,057,447	\$19,504,826	\$18,540,822	\$21,583,433
Plus Operating Interest Income²	\$479,972	\$2,127,133	\$773,024	\$668,893	\$1,407,548
Operating Expenses³	\$14,802,799	\$15,205,807	\$14,659,600	\$13,969,409	\$16,219,545
Less: Depreciation	(2,871,423)	(2,869,300)	(2,860,618)	(3,271,215)	(3,237,807)
Less: Shuttle Expenses	(6,957,279)	(7,032,095)	(6,281,988)	(5,659,381)	(7,543,815)
Less: Lease Payments for Tower Garages	(1,036,388)	(1,036,388)	(1,036,388)	(1,036,388)	(1,036,388)
Less: Operating Expenses for Tower Garages	<u>(48,119)</u>	<u>(54,411)</u>	<u>(56,337)</u>	<u>(38,363)</u>	<u>(49,308)</u>
Total Current Expenses	\$3,889,590	\$4,213,614	\$4,424,269	\$3,964,062	\$4,352,227
Pledged Revenues⁴	\$18,707,028	\$20,970,966	\$15,853,581	\$15,245,653	\$18,638,754
Annual Debt Service on Parity Bonds⁵	\$4,550,958	\$3,917,546	\$3,695,435	\$2,878,000	\$2,878,600
Maximum Annual Debt Service	\$4,550,958	\$3,917,546	\$3,695,435	\$2,878,600	\$2,878,600
Debt Service Coverage:					
Annual Debt Service	4.11x	5.35x	4.29x	5.30x	6.47x
Maximum Annual Debt Service	4.11x	5.35x	4.29x	5.30x	6.47x
Pledged Revenues After Debt Service and Available for Other Expenses	\$14,156,069	\$17,053,420	\$12,158,146	\$12,618,543	\$15,760,154

¹ Revenue and expense information was provided by the University and has not been audited.

² Includes operating interest income only. Realized gains increased in Fiscal Year 2019 as a result of the liquidation of equity investments.

³ Per the bond resolution, excludes depreciation, Shuttle Expenses, lease payment for Tower Garages, and operating expenses for Tower Garages, and such expenses are not deducted from Operating Revenues for purposes of determining Pledged Revenues.

⁴ Excludes receipt of the federal subsidy equal to 35% (less sequestration) of the interest payable on the Series 2010B Build America Bonds in Fiscal Years 2018, 2019, and 2020.

⁵ Without consideration of the receipt of the federal subsidy equal to 35% (less sequestration) of the interest payable on the Series 2010B Build America Bonds in Fiscal Years 2018, 2019, and 2020.

⁶ The decrease in transportation access fee revenues in Fiscal Year 2020 was due to a one-time waiver of the fee for students enrolled in classes during summer 2020 as a result of the shift to all remote instruction in summer 2020 due to COVID-19.

⁷ The decrease in permit sales revenue in Fiscal Year 2021 was primarily a result of the University extending the expiration date of existing permits through the Fall 2020 semester.

V. University Admissions and Registrations

Admission and Registration Headcounts and Percentages by Type of Student¹

	<u>Fall 2018</u>	<u>Fall 2019</u>	<u>Fall 2020</u>	<u>Fall 2021</u>	<u>Fall 2022²</u>
All Students:					
Applicants	62,297	65,204	67,763	70,224	74,844
Admitted	27,829	28,682	31,960	28,971	30,612
% of Applicants Admitted	45%	44%	47%	41%	41%
Enrolled	14,390	13,844	14,915	13,552	13,862
% of Admitted Enrolled	52%	48%	47%	47%	45%
First-Time-in-College:					
Applicants	32,634	35,240	38,073	40,417	45,554
Admitted	11,717	13,452	15,997	13,873	15,746
% of Applicants Admitted	36%	38%	42%	34%	35%
Enrolled	4,033	3,889	4,659	4,257	4,872
% of Admitted Enrolled	34%	29%	29%	31%	31%
Florida College System Transfers:					
Applicants	10,841	11,083	10,017	9,187	7,616
Admitted	8,270	7,643	7,486	6,881	6,360
% of Applicants Admitted	76%	69%	75%	75%	84%
Enrolled	5,962	5,643	5,373	4,791	4,522
% of Admitted Enrolled	72%	74%	72%	70%	71%
Other Undergraduate Transfers:					
Applicants	3,893	3,799	5,040	4,649	6,873
Admitted	1,739	1,147	2,106	2,000	2,634
% of Applicants Admitted	45%	30%	42%	43%	38%
Enrolled	945	622	1,105	1,010	1,113
% of Admitted Enrolled	54%	54%	52%	51%	42%
Second Degree Undergraduate:					
Applicants	774	812	959	862	934
Admitted	645	585	704	647	706
% of Applicants Admitted	83%	72%	73%	75%	76%
Enrolled	273	258	284	251	276
% of Admitted Enrolled	42%	44%	40%	39%	39%
Post-Baccalaureate:					
Applicants	452	420	355	289	232
Admitted	447	416	343	287	228
% of Applicants Admitted	99%	99%	97%	99%	98%
Enrolled	232	235	173	135	135
% of Admitted Enrolled	52%	56%	50%	47%	59%
Graduate:					
Applicants	8,321	8,662	8,541	8,708	7,981
Admitted	4,692	5,134	4,985	4,856	4,631
% of Applicants Admitted	56%	59%	58%	56%	58%
Enrolled	2,802	3,054	3,175	2,899	2,760
% of Admitted Enrolled	60%	59%	64%	60%	60%
Professional Schools:					
Applicants	5,264	5,120	4,682	5,934	5,522
Admitted	282	281	304	324	231
% of Applicants Admitted	5%	5%	6%	5%	4%
Enrolled	114	120	119	120	117
% of Admitted Enrolled	40%	43%	39%	37%	51%

¹ Source: UCF Office of Institutional Research. May not equal sum of components due to some students being accounted for as an unclassified status.

² Fall 2022 enrollment figures are preliminary.

VI. University Enrollment

Headcount Enrollment by Level¹

<u>Fall</u>	<u>Undergraduate</u>	<u>Graduate²</u>	<u>Medical</u>	<u>Annual Total</u>
2018	58,903	9,164	491	68,558
2019	59,485	9,549	489	69,523
2020	61,441	9,982	490	71,913
2021	60,062	9,839	485	70,386
2022	59,068	9,210	483	68,761

¹ Source: UCF Office of Institutional Research. The Board of Governors' data governance policy requires institutions to resubmit historical data when errors are found so policymakers have the most accurate data possible when making decisions. Institutional reporting procedures are audited annually with a focus on any resubmissions. This policy may lead to revisions to data when compared to prior disclosure filings.

² Medical students were included in the graduate column in previous filings but are now broken out separately.

Full-Time-Equivalent Annual Enrollment by Level¹

The full-time equivalent ("FTE") student calculation factor is a measure of student enrollment based on the number of student credit hours for which students enroll. FTE enrollment is determined by dividing the total number of hours enrolled by all students in a specific category by the appropriate hour requirement. The Florida Board of Governors calculates annual FTEs for the State University System as 30 credit hours for undergraduate students and 24 credit hours for graduate students during an academic year, which mirrors the Federal Government's Integrated Postsecondary Education Data System ("IPEDS") methodology.

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate²</u>	<u>Annual Total</u>
2017-18	50,180	6,640	56,820
2018-19	52,423	6,932	59,355
2019-20	53,350	7,136	60,486
2020-21	55,920	7,470	63,390
2021-22	53,707	7,085	60,792

¹ Source: UCF Office of Institutional Research. The Board of Governors' data governance policy, requires institutions to resubmit historical data when errors are found so policymakers have the most accurate data possible when making decisions. Institutional reporting procedures are audited annually with a focus on any resubmissions. This policy may lead to revisions to data when compared to prior disclosure filings.

² Includes medical.

VII. Litigation

During the Fiscal Year ended June 30, 2022, there was no litigation which adversely affected the revenues pledged for the payment of the State of Florida, Board of Governors, University of Central Florida Parking Facility Revenue Bonds issued by the Division of Bond Finance, or which adversely affected the validity of such bonds or the proceedings and authority under which such bonds were issued.

In addition, there is no pending or threatened litigation which, if successful, would adversely affect the revenues pledged for the payment of such bonds, or would adversely affect the validity of such bonds or the proceedings and authority under which such bonds were issued.

The University has been named in three lawsuits by some of its students seeking refunds for tuition and student fees related to the transition to remote instruction for the spring and summer 2020 semesters as a result of the COVID-19 pandemic. The University is actively defending the lawsuits, and the outcome of the lawsuits is not expected to affect the Bonds.



**UNIVERSITY OF CENTRAL FLORIDA
PARKING SERVICE FACILITY REVENUE BONDS**

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED**



TABLE OF CONTENTS

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Statement of Revenues, Expenses, and Changes in Net Position	10
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Finance and Accounting

December 1, 2022

Mr. Raymond K. Petty
Division of Bond Finance
Post Office Box 13300
Tallahassee, FL 32317-3300

Dear Mr. Petty,

Management has prepared the accompanying statement of net position of the University of Central Florida Parking Facility as of June 30, 2022, and the related statements of revenues, expenses and changes in net positions and cash flows for the year then ended, in accordance with generally accepted accounting principles. These statements have NOT been audited; however, the financial information is included in the University statements, which is audited by the State of Florida Auditor General's Office.

Sincerely,

Danta White, CPA
Assistant Vice President and University
Controller

cc: Mr. Tim Jones
Mr. Duane Siemen
Mr. Albert Francis III
Mr. Kevin Sowers
Mrs. Misty Shepherd

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University of Central Florida Parking and Transportation Service Facility (Parking Facility) for the fiscal year ended June 30, 2022 and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of Parking Facility management.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the Parking Facility'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 Statement of Net Position

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

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

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

	2022	2021
Assets		
Current Assets	\$ 27,096	\$ 15,059
Capital Assets, Net	62,771	65,524
Other Noncurrent Assets	7,951	7,024
Total Assets	97,818	87,607
Liabilities		
Current Liabilities	2,064	2,414
Noncurrent Liabilities	10,702	12,814
Total Liabilities	12,766	15,228
Net Position		
Net Investment in Capital Assets	46,179	46,379
Restricted	9,205	8,312
Unrestricted	29,668	17,688
Total Net Position	\$ 85,052	\$ 72,379

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

The Parking Facility's assets totaled \$97.8 million at June 30, 2022, as compared to \$87.6 million at June 30, 2021. This balance reflects a \$10.2 million increase, or 11.7 percent, from June 30, 2021, primarily due to an increase in current investment balances of \$8.4 million and an increase in unrestricted cash of \$3.7 million that was partially offset by a decrease of \$2.7 million in net capital assets resulting from annual depreciation. The \$8.4 million increase in current investment balances was primarily due to the receipt of Higher Education Emergency Relief Funds (HEERF) for the recapture of lost revenues during the COVID-19 pandemic. Liabilities decreased by \$2.5 million, or 16.2 percent, totaling \$12.8 million at June 30, 2022, compared to \$15.2 million at June 30, 2021. The decrease is primarily due to a \$2.3 million decrease in capital improvement debt through current year debt service payments and \$0.2 million decrease in unamortized bond premiums due to current year amortization.

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

The statement of revenues, expenses, and changes in net position presents the Parking Facility'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 Parking Facility's activity for the 2022 and 2021 fiscal years:

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

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

	2022	2021
Operating Revenues	\$ 21,583	\$ 18,541
Less, Operating Expenses	16,219	13,969
Operating Income	5,364	4,572
Net Nonoperating Revenues (Expenses)	1,076	163
Income Before Other Revenues, Expenses, Gains, or Losses	6,440	4,734
Transfers to/from University Departments	6,233	(1,353)
Increase In Net Position	12,673	3,381
Net Position, Beginning of Year	72,379	68,998
Net Position, End of Year	\$ 85,052	\$ 72,379

Operating Revenues

The following summarizes the operating revenues by source that were used to fund operating activities during the 2022 and 2021 fiscal years:

	2022	2021
Student Transportation and Access Fees	\$ 14,720	\$ 15,500
Sales of Parking Decals	6,074	2,628
Parking Fines and Other Operating Revenue	789	413
Total Operating Revenues	\$ 21,583	\$ 18,541

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

Fees due to increased sales of parking decals collections from boosted campus population post the COVID-19 pandemic.

Operating Expenses

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

The following summarizes the operating expenses by natural classifications for the 2022 and 2021 fiscal years:

Operating Expenses (In Thousands)		<u>2022</u>	<u>2021</u>
Compensation and Employee Benefits	\$	2,403	\$ 2,276
Services and Supplies		10,173	8,056
Utilities and Communications		405	366
Depreciation		<u>3,238</u>	<u>3,271</u>
Total Operating Expenses		<u>\$ 16,219</u>	<u>\$ 13,969</u>

Total operating expenses were \$16.2 million for the fiscal year ended June 30, 2022, as compared to \$14.0 million for the fiscal year ended June 30, 2021. This activity represents a \$2.2 million increase, or 16.1 percent, from the prior year primarily due to an increase of shuttle routes and hours post the COVID-19 pandemic.

Nonoperating Revenues and Expenses

Certain revenue sources that the Parking Facility relies on to provide funding for operations, including net 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 Parking Facility's nonoperating revenues and expenses for the 2022 and 2021 fiscal years:

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

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

	2022	2021
Investment Income	\$ 1,408	\$ 473
Other Nonoperating Revenues	-	2
Loss on Disposal of Capital Assets	(4)	59
Interest on Capital Asset-Related Debt	(328)	(371)
Net Nonoperating Revenues (Expenses)	\$ 1,076	\$ 163
Transfers to/from University Departments	\$ 6,233	\$ (1,353)

Nonoperating revenue increased primarily as a result of HEERF funds received to recapture lost revenues as a result of the COVID-19 pandemic.

The Statement of Cash Flows

The statement of cash flows provides information about the Parking Facility's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the Parking Facility's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash provided by the operating activities of the Parking Facility. Cash flows from the capital financing activities include all plant funds and related long-term debt activities. Cash flows from the 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 2022 and 2021 fiscal years:

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

**Condensed Statement of Cash Flows
(In Thousands)**

	2022	2021
Cash Provided (Used) by:		
Operating Activities	\$ 8,824	\$ 6,959
Noncapital Financing Activities	5,739	(1,367)
Capital and Related Financing Activities	(2,841)	(4,002)
Investing Activities	(6,961)	(3,740)
Net Increase in Cash and Cash Equivalents	4,761	(2,150)
Cash and Cash Equivalents, Beginning of Year	1,138	3,288
Cash and Cash Equivalents, End of Year	\$ 5,899	\$ 1,138

Cash and cash equivalents increased \$4.7 million. Cash provided by operating activities of \$8.8 million in fiscal year 2022 represented an increase of \$1.8 million over fiscal year 2021 due primarily to higher operating revenues as parking decal sales increased considerably after being limited in fiscal year 2021 due to COVID-19 and the limited number of students and staff on campus. Cash used in investing activities of \$7.0 million in fiscal year 2022 reflected a year-over-year increase in cash used of \$3.2 million primarily due to increased investment activity. Cash used by capital and related financing activities of \$2.8 million represents a year-over-year decrease of \$1.2 million in cash used due to the completion of the UCF Downtown Parking Garage, and the cessation of related construction payments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the Parking Facility had \$104.2 million in capital assets, less accumulated depreciation of \$41.4 million, for net capital assets of \$62.8 million. Depreciation charges for the current fiscal year totaled \$3.2 million.

The following table summarizes the Parking Facility's capital assets, net of accumulated depreciation, at June 30:

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

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

	2022	2021
Buildings	\$ 62,690	\$ 65,384
Furniture and Equipment	81	123
Construction in Progress	-	17
Capital Assets, Net	\$ 62,771	\$ 65,524

Additional information about the Parking Facility's capital assets and construction commitments are presented in the notes to the financial statements.

Debt Administration

As of June 30, 2022, the Parking Facility had \$12.6 million in outstanding capital improvement debt, representing a decrease of \$2.5 million, or 16.6 percent, from the prior fiscal year as a result of scheduled payments on current debt.

The following table summarizes the outstanding long-term debt for the fiscal years ended June 30:

**Long-Term Debt at June 30
(In Thousands)**

	2022	2021
Capital Improvement Debt	\$ 12,557	\$ 15,109
Total	\$ 12,557	\$ 15,109

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

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
STATEMENT OF NET POSITION
June 30, 2022**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	4,502,795
Investments		21,449,267
Accounts Receivable, Net		1,121,149
Other Current Assets		22,173
Total Current Assets		27,095,384

Noncurrent Assets:

Restricted Cash and Cash Equivalents		1,396,254
Restricted Investments		6,554,990
Depreciable Capital Assets, Net		62,771,373
Total Noncurrent Assets		70,722,617

Total Assets

97,818,001

LIABILITIES

Current Liabilities:

Accounts Payable		134,574
Construction Contracts Payable		34,983
Accrued Salaries & Wages		39,995
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable		1,855,000
Total Current Liabilities		2,064,552

Noncurrent Liabilities:

Capital Improvement Debt Payable		10,701,915
Total Noncurrent Liabilities		10,701,915

Total Liabilities

12,766,467

NET POSITION

Net Investment in Capital Assets		46,178,719
Restricted for Expendable:		
Debt Service		1,291,396
Capital Projects		7,913,537
Unrestricted		29,667,881
TOTAL NET POSITION		\$ 85,051,533

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

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2022**

REVENUES

Operating Revenues:	
Student Transportation and Access Fees	\$ 14,719,794
Sales of Parking Decals	6,074,727
Parking Fines and Other Operating Revenue	788,912
	<hr/>
Total Operating Revenues	21,583,433

EXPENSES

Operating Expenses:	
Compensation and Employee Benefits	2,403,282
Services and Supplies	10,173,588
Utilities and Communications	404,868
Depreciation	3,237,807
	<hr/>
Total Operating Expenses	16,219,545
	<hr/>
Operating Income	5,363,888

NONOPERATING REVENUES (EXPENSES)

Investment Income	1,407,548
Gain (Loss) on Disposal of Capital Assets	(4,141)
Interest on Capital Asset-Related Debt	(327,707)
	<hr/>

Net Nonoperating Revenues	1,075,700
----------------------------------	------------------

Income Before Other Revenues, Expenses, Gains, or Losses	6,439,588
---------------------------------------------------------------------	------------------

Transfers to/from University Departments	6,232,559
	<hr/>

Increase in Net Position	12,672,147
Net Position, Beginning of Year	72,379,386
	<hr/>

Net Position, End of Year	\$ 85,051,533
	<hr/> <hr/>

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

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Student Transportation Access Fees	\$ 14,892,276
Sales of Parking Decals	6,077,604
Parking Fines and Other Operating Revenue	788,912
Payments to Employees	(2,392,379)
Payments to Suppliers for Goods and Services	<u>(10,541,965)</u>
Net Cash Provided by Operating Activities	<u>8,824,448</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Non-capital Grants, Contracts, and Donations	785
Operating Subsidies and Transfers	5,738,276
Net Cash Provided by Noncapital Financing Activities	<u>5,739,061</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase or Construction of Capital Assets	38,907
Principal Paid on Capital Debt	(2,295,000)
Interest Paid on Capital Debt	<u>(584,962)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(2,841,055)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	26,315,196
Purchase of Investments	(34,656,904)
Investment Income	<u>1,380,768</u>
Net Cash Used by Investing Activities	<u>(6,960,940)</u>
Net Decrease in Cash and Cash Equivalents	4,761,514
Cash and Cash Equivalents, Beginning of Year	<u>1,137,535</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,899,049</u>

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
STATEMENT OF CASH FLOWS (CONTINUED)
For the Fiscal Year Ended June 30, 2022**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 5,363,888
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	3,237,807
Change in Assets and Liabilities:	
Receivables, Net	175,359
Other Assets	(9,412)
Accounts Payable	45,903
Salaries and Wages Payable	<u>10,903</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 8,824,448</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES	
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.	\$ (4,141)

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

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

1. Summary of Significant Accounting Policies

Reporting Entity. The financial statements of the Parking Facility are an integral part of the financial statements of the University of Central Florida. 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 consisting of thirteen members.

Basis of Presentation. The Parking Facility's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (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 Parking Facility has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

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

Measurement Focus and Basis of Accounting. Basis of accounting refers to when revenues, expenses, assets, 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 Parking Facility's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The Parking Facility follows GASB standards of accounting and financial reporting.

The Parking Facility's principal operating activities consist of student parking and transportation fees, parking decal and daily pass sales, and parking fines. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022**

maintenance of capital assets, and depreciation of capital assets. Nonoperating revenues include investment income. 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 Parking Facility'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.

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

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts, money market funds, and investments with original maturities of three months or less. The Parking Facility'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 Parking Facility also holds \$1,244,753 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 held in Rule 2a-7 mutual funds and securities rated AAA (or its equivalent) by a nationally recognized statistical rating organization. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

Capital Assets. The Parking Facility's capital assets consist of construction in progress, buildings, furniture and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Parking Facility has a capitalization threshold of \$5,000 for all tangible personal property and \$100,000 for new buildings and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings - 20 to 50 years
- Furniture and Equipment - 5 to 10 years

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of capital improvement debt payable that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premium or discount. The Parking Facility amortizes debt premiums and discounts over the life of the debt using the straight-line method.

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022**

2. Investments

The Parking Facility's investments are pooled with the University's investments and are not specifically identified. Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; 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; and other investments approved by the Board of Trustees as authorized by law.

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

The additional disclosures required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are not applicable to the Parking Facility since it has no direct investments.

3. Receivables

Accounts Receivable. Accounts receivable primarily represent amounts due for parking fees, fines and interest accrued on investments.

Receivables at June 30

	2022	2021
Parking Fines and Fees	\$ 1,041,002	\$ 1,216,360
Interest accrued on investments	80,147	53,369
Total Receivables	\$ 1,121,149	\$ 1,269,729

Allowance for Doubtful Receivables. Allowances for doubtful accounts are reported based upon management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. Accounts receivables are reported net of allowances of \$52,549 at June 30, 2022.

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022**

4. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2022, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Construction in Progress	\$ 17,484	\$ -	\$ 17,484	\$ -
Total Nondepreciable Capital Assets	\$ 17,484	\$ -	\$ 17,484	\$ -
Depreciable Capital Assets:				
Buildings	\$ 102,831,598	\$ 506,933	\$ -	\$ 103,338,531
Furniture and Equipment	773,775	-	22,787	750,988
Leasehold Improvements	103,849	-	-	103,849
Total Depreciable Capital Assets	103,709,222	506,933	22,787	104,193,368
Less, Accumulated Depreciation:				
Buildings	37,539,858	3,189,413	-	40,729,271
Furniture and Equipment	650,861	38,009	18,647	670,223
Leasehold Improvements	12,116	10,385	-	22,501
Total Accumulated Depreciation	38,202,835	3,237,807	18,647	41,421,995
Total Depreciable Capital Assets, Net	\$ 65,506,387	\$ (2,730,874)	\$ 4,140	\$ 62,771,373

5. Long-Term Liabilities

Long-term liabilities for the Parking Facility at June 30, 2021, include capital improvement debt payable and due to other university departments. Long-term liabilities activity for the fiscal year ended June 30, 2022, is shown below:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Capital Improvement Debt Payable	\$ 15,109,169	\$ -	\$ 2,552,254	\$ 12,556,915	\$ 1,855,000
Total Long-Term Liabilities	\$ 15,109,169	\$ -	\$ 2,552,254	\$ 12,556,915	\$ 1,855,000

Capital Improvement Debt Payable. The Parking Facility had the following capital improvement debt payable outstanding at June 30, 2022:

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022**

<u>Type and Series</u>	<u>Amount of Original Debt</u>	<u>Amount Outstanding (1)</u>	<u>Interest Rates (Percent)</u>	<u>Maturity Date To</u>
Parking Garage Debt:				
2012A - Parking Garage	7,860,000	4,991,846	3 to 5	2032
2018A - Parking Garage	4,790,000	1,896,550	5	2024
2019A - Parking Garage	<u>6,120,000</u>	<u>5,668,519</u>	5	2029
Total Capital Improvement Debt	<u>\$ 18,770,000</u>	<u>\$ 12,556,915</u>		

(1) Amount outstanding includes unamortized discounts and premiums.

The Parking Facility has pledged a portion of future traffic and parking fees and an assessed transportation fee based on credit hours to repay \$18,770,000 in capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the Parking Facility. Proceeds from the bonds provided financing to construct student parking garages. The bonds are paid solely from Parking Facility operating revenues and are payable through 2032. The State Board of Education and the State Board of Administration administer the principal and interest payments, investment of sinking fund resources, and compliance with reserve requirements. Total principal and interest remaining on the debt is \$14,532,014. Principal and interest paid for the current year totaled \$2,878,600. During the 2022 fiscal year, operating revenues generated from transportation and access fees, sale of parking decals and other operations totaled \$21,583,433.

In the event of default, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. In any event of default, the bonds are not subject to any acceleration clauses.

**UNIVERSITY OF CENTRAL FLORIDA
CONSOLIDATED PARKING FACILITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022**

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2022, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	1,855,000	479,350	\$ 2,334,350
2024	1,945,000	390,700	2,335,700
2025	1,090,000	297,700	1,387,700
2026	1,140,000	252,000	1,392,000
2027	1,190,000	204,100	1,394,100
2028-2032	<u>4,100,000</u>	<u>351,250</u>	<u>4,451,250</u>
Subtotal	11,320,000	1,975,100	13,295,100
Net Discounts and Premiums	<u>1,236,915</u>	<u>-</u>	<u>1,236,915</u>
Total	<u>\$ 12,556,915</u>	<u>\$ 1,975,100</u>	<u>\$ 14,532,015</u>

6. Related Party Transactions

The Parking Facility considers the component units of the University to be related parties for the purpose of the financial statements.

The University has entered into a short-term lease agreement with the UCF Convocation Corporation for use of the UCF Convocation Corporation's managed parking garages. Facility use payments paid to the UCF Convocation Corporation for the year ended June 30, 2022, totaled \$1,036,388 and are included in the Parking Facility's operating expenses on the statements of revenues, expenses, and changes in net position.

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**State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds**

Cash Defeasance of all Debt

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SOURCES AND USES OF FUNDS

State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds

Cash Defeasance of all Debt

Sources:	<i>Refunding 2012A</i>	<i>Refunding 2018A</i>	<i>Refunding 2019A</i>	<i>Total</i>
Other Sources of Funds:				
Cash	4,812,856.95	1,820,938.32	5,490,619.61	12,124,414.88
	4,812,856.95	1,820,938.32	5,490,619.61	12,124,414.88
<hr/>				
Uses:	<i>Refunding 2012A</i>	<i>Refunding 2018A</i>	<i>Refunding 2019A</i>	<i>Total</i>
Refunding Escrow Deposits:				
Cash Deposit	4,812,856.95	0.32	0.61	4,812,857.88
SLGS Purchases		1,820,938.00	5,490,619.00	7,311,557.00
	4,812,856.95	1,820,938.32	5,490,619.61	12,124,414.88

SAVINGS

**State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds**

Cash Defeasance of all Debt

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Net Cash Flow</i>	<i>Savings</i>	<i>Annual Savings</i>	<i>Present Value to 06/01/2023 @ 0.0000000%</i>
07/01/2023	2,094,675.00		2,094,675.00		2,094,675.00
01/01/2024	195,350.00		195,350.00		195,350.00
06/01/2024				2,290,025.00	
07/01/2024	2,140,350.00		2,140,350.00		2,140,350.00
01/01/2025	148,850.00		148,850.00		148,850.00
06/01/2025				2,289,200.00	
07/01/2025	1,238,850.00		1,238,850.00		1,238,850.00
01/01/2026	126,000.00		126,000.00		126,000.00
06/01/2026				1,364,850.00	
07/01/2026	1,266,000.00		1,266,000.00		1,266,000.00
01/01/2027	102,050.00		102,050.00		102,050.00
06/01/2027				1,368,050.00	
07/01/2027	1,292,050.00		1,292,050.00		1,292,050.00
01/01/2028	77,000.00		77,000.00		77,000.00
06/01/2028				1,369,050.00	
07/01/2028	1,312,000.00		1,312,000.00		1,312,000.00
01/01/2029	50,925.00		50,925.00		50,925.00
06/01/2029				1,362,925.00	
07/01/2029	1,340,925.00		1,340,925.00		1,340,925.00
01/01/2030	23,625.00		23,625.00		23,625.00
06/01/2030				1,364,550.00	
07/01/2030	533,625.00		533,625.00		533,625.00
01/01/2031	15,975.00		15,975.00		15,975.00
06/01/2031				549,600.00	
07/01/2031	540,975.00		540,975.00		540,975.00
01/01/2032	8,100.00		8,100.00		8,100.00
06/01/2032				549,075.00	
07/01/2032	548,100.00		548,100.00		548,100.00
06/01/2033				548,100.00	
	13,055,425.00	0.00	13,055,425.00	13,055,425.00	13,055,425.00

Savings Summary

PV of savings from cash flow	13,055,425.00
Less: Prior funds on hand	-12,124,414.88
Net PV Savings	931,010.12

SAVINGS

Defeasance of UCF Parking Debt Refunding 2012A

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Net Cash Flow</i>	<i>Savings</i>	<i>Annual Savings</i>	<i>Present Value to 06/01/2023 @ 0.0000000%</i>
07/01/2023	485,425.00		485,425.00		485,425.00
01/01/2024	67,225.00		67,225.00		67,225.00
06/01/2024				552,650.00	
07/01/2024	492,225.00		492,225.00		492,225.00
01/01/2025	58,725.00		58,725.00		58,725.00
06/01/2025				550,950.00	
07/01/2025	498,725.00		498,725.00		498,725.00
01/01/2026	52,125.00		52,125.00		52,125.00
06/01/2026				550,850.00	
07/01/2026	507,125.00		507,125.00		507,125.00
01/01/2027	45,300.00		45,300.00		45,300.00
06/01/2027				552,425.00	
07/01/2027	515,300.00		515,300.00		515,300.00
01/01/2028	38,250.00		38,250.00		38,250.00
06/01/2028				553,550.00	
07/01/2028	518,250.00		518,250.00		518,250.00
01/01/2029	31,050.00		31,050.00		31,050.00
06/01/2029				549,300.00	
07/01/2029	526,050.00		526,050.00		526,050.00
01/01/2030	23,625.00		23,625.00		23,625.00
06/01/2030				549,675.00	
07/01/2030	533,625.00		533,625.00		533,625.00
01/01/2031	15,975.00		15,975.00		15,975.00
06/01/2031				549,600.00	
07/01/2031	540,975.00		540,975.00		540,975.00
01/01/2032	8,100.00		8,100.00		8,100.00
06/01/2032				549,075.00	
07/01/2032	548,100.00		548,100.00		548,100.00
06/01/2033				548,100.00	
	5,506,175.00	0.00	5,506,175.00	5,506,175.00	5,506,175.00

Savings Summary

PV of savings from cash flow	5,506,175.00
Less: Prior funds on hand	-4,812,856.95
Net PV Savings	693,318.05

SAVINGS

Defeasance of UCF Parking Debt Refunding 2018A

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Net Cash Flow</i>	<i>Savings</i>	<i>Annual Savings</i>	<i>Present Value to 06/01/2023 @ 0.0000000%</i>
07/01/2023	898,875.00		898,875.00		898,875.00
01/01/2024	22,500.00		22,500.00		22,500.00
06/01/2024				921,375.00	
07/01/2024	922,500.00		922,500.00		922,500.00
06/01/2025				922,500.00	
	1,843,875.00	0.00	1,843,875.00	1,843,875.00	1,843,875.00

Savings Summary

PV of savings from cash flow	1,843,875.00
Less: Prior funds on hand	-1,820,938.32
Net PV Savings	22,936.68

SAVINGS

Defeasance of UCF Parking Debt Refunding 2019A

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Net Cash Flow</i>	<i>Savings</i>	<i>Annual Savings</i>	<i>Present Value to 06/01/2023 @ 0.0000000%</i>
07/01/2023	710,375.00		710,375.00		710,375.00
01/01/2024	105,625.00		105,625.00		105,625.00
06/01/2024				816,000.00	
07/01/2024	725,625.00		725,625.00		725,625.00
01/01/2025	90,125.00		90,125.00		90,125.00
06/01/2025				815,750.00	
07/01/2025	740,125.00		740,125.00		740,125.00
01/01/2026	73,875.00		73,875.00		73,875.00
06/01/2026				814,000.00	
07/01/2026	758,875.00		758,875.00		758,875.00
01/01/2027	56,750.00		56,750.00		56,750.00
06/01/2027				815,625.00	
07/01/2027	776,750.00		776,750.00		776,750.00
01/01/2028	38,750.00		38,750.00		38,750.00
06/01/2028				815,500.00	
07/01/2028	793,750.00		793,750.00		793,750.00
01/01/2029	19,875.00		19,875.00		19,875.00
06/01/2029				813,625.00	
07/01/2029	814,875.00		814,875.00		814,875.00
06/01/2030				814,875.00	
	5,705,375.00	0.00	5,705,375.00	5,705,375.00	5,705,375.00

Savings Summary

PV of savings from cash flow	5,705,375.00
Less: Prior funds on hand	-5,490,619.61
Net PV Savings	214,755.39

SUMMARY OF REFUNDING RESULTS

State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds

Cash Defeasance of all Debt

Dated Date	06/01/2023
Delivery Date	06/01/2023
Arbitrage yield	
Escrow yield	1.298450%
Value of Negative Arbitrage	-237,692.07
Bond Par Amount	
Par amount of refunded bonds	11,320,000.00
Average coupon of refunded bonds	3.859227%
Average life of refunded bonds	3.515
PV of prior debt to 06/01/2023	13,055,425.00
Net PV Savings	931,010.12
Percentage savings of refunded bonds	8.224471%

SUMMARY OF REFUNDING RESULTS**Defeasance of UCF Parking Debt
Refunding 2012A**

Dated Date	06/01/2023
Delivery Date	06/01/2023
Arbitrage yield	
Escrow yield	0.000000%
Value of Negative Arbitrage	
 Bond Par Amount	
 Par amount of refunded bonds	4,750,000.00
Average coupon of refunded bonds	3.021542%
Average life of refunded bonds	4.831
 PV of prior debt to 06/01/2023	5,506,175.00
Net PV Savings	693,318.05
Percentage savings of refunded bonds	14.596169%

SUMMARY OF REFUNDING RESULTS**Defeasance of UCF Parking Debt
Refunding 2018A**

Dated Date	06/01/2023
Delivery Date	06/01/2023
Arbitrage yield	
Escrow yield	2.143453%
Value of Negative Arbitrage	-22,936.68
Bond Par Amount	
Par amount of refunded bonds	1,755,000.00
Average coupon of refunded bonds	5.000559%
Average life of refunded bonds	0.596
PV of prior debt to 06/01/2023	1,843,875.00
Net PV Savings	22,936.68
Percentage savings of refunded bonds	1.306933%

SUMMARY OF REFUNDING RESULTS**Defeasance of UCF Parking Debt
Refunding 2019A**

Dated Date	06/01/2023
Delivery Date	06/01/2023
Arbitrage yield	
Escrow yield	1.244880%
Value of Negative Arbitrage	-214,755.39
Bond Par Amount	
Par amount of refunded bonds	4,815,000.00
Average coupon of refunded bonds	5.000102%
Average life of refunded bonds	3.282
PV of prior debt to 06/01/2023	5,705,375.00
Net PV Savings	214,755.39
Percentage savings of refunded bonds	4.460133%

SUMMARY OF BONDS REFUNDED

State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds

Cash Defeasance of all Debt

<i>Bond</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Call Date</i>	<i>Call Price</i>
UCF Parking Series 2012A, 12A_NM, SERIALS:					
	07/01/2023	4.000%	410,000	06/01/2023	100.000
	07/01/2024	4.000%	425,000	06/01/2023	100.000
	07/01/2025	3.000%	440,000	06/01/2023	100.000
	07/01/2026	3.000%	455,000	06/01/2023	100.000
	07/01/2027	3.000%	470,000	06/01/2023	100.000
	07/01/2028	3.000%	480,000	06/01/2023	100.000
	07/01/2029	3.000%	495,000	06/01/2023	100.000
	07/01/2030	3.000%	510,000	06/01/2023	100.000
	07/01/2031	3.000%	525,000	06/01/2023	100.000
	07/01/2032	3.000%	540,000	06/01/2023	100.000
			4,750,000		
Refunding of 2004A New Money, 18A_CUR, SERIALS:					
	07/01/2023	5.000%	855,000		
	07/01/2024	5.000%	900,000		
			1,755,000		
Current Refunding of 2010B BABs, 19A_CUR, SERIALS:					
	07/01/2023	5.000%	590,000		
	07/01/2024	5.000%	620,000		
	07/01/2025	5.000%	650,000		
	07/01/2026	5.000%	685,000		
	07/01/2027	5.000%	720,000		
	07/01/2028	5.000%	755,000		
	07/01/2029	5.000%	795,000		
			4,815,000		
			11,320,000		

PRIOR BOND DEBT SERVICE

**State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds**

Cash Defeasance of all Debt

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
07/01/2023	1,855,000	** %	239,675	2,094,675	
01/01/2024			195,350	195,350	
06/01/2024					2,290,025
07/01/2024	1,945,000	** %	195,350	2,140,350	
01/01/2025			148,850	148,850	
06/01/2025					2,289,200
07/01/2025	1,090,000	** %	148,850	1,238,850	
01/01/2026			126,000	126,000	
06/01/2026					1,364,850
07/01/2026	1,140,000	** %	126,000	1,266,000	
01/01/2027			102,050	102,050	
06/01/2027					1,368,050
07/01/2027	1,190,000	** %	102,050	1,292,050	
01/01/2028			77,000	77,000	
06/01/2028					1,369,050
07/01/2028	1,235,000	** %	77,000	1,312,000	
01/01/2029			50,925	50,925	
06/01/2029					1,362,925
07/01/2029	1,290,000	** %	50,925	1,340,925	
01/01/2030			23,625	23,625	
06/01/2030					1,364,550
07/01/2030	510,000	3.000%	23,625	533,625	
01/01/2031			15,975	15,975	
06/01/2031					549,600
07/01/2031	525,000	3.000%	15,975	540,975	
01/01/2032			8,100	8,100	
06/01/2032					549,075
07/01/2032	540,000	3.000%	8,100	548,100	
06/01/2033					548,100
	11,320,000		1,735,425	13,055,425	13,055,425

PRIOR BOND DEBT SERVICE**Defeasance of UCF Parking Debt
Refunding 2012A**

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
07/01/2023	410,000	4.000%	75,425	485,425	
01/01/2024			67,225	67,225	
06/01/2024					552,650
07/01/2024	425,000	4.000%	67,225	492,225	
01/01/2025			58,725	58,725	
06/01/2025					550,950
07/01/2025	440,000	3.000%	58,725	498,725	
01/01/2026			52,125	52,125	
06/01/2026					550,850
07/01/2026	455,000	3.000%	52,125	507,125	
01/01/2027			45,300	45,300	
06/01/2027					552,425
07/01/2027	470,000	3.000%	45,300	515,300	
01/01/2028			38,250	38,250	
06/01/2028					553,550
07/01/2028	480,000	3.000%	38,250	518,250	
01/01/2029			31,050	31,050	
06/01/2029					549,300
07/01/2029	495,000	3.000%	31,050	526,050	
01/01/2030			23,625	23,625	
06/01/2030					549,675
07/01/2030	510,000	3.000%	23,625	533,625	
01/01/2031			15,975	15,975	
06/01/2031					549,600
07/01/2031	525,000	3.000%	15,975	540,975	
01/01/2032			8,100	8,100	
06/01/2032					549,075
07/01/2032	540,000	3.000%	8,100	548,100	
06/01/2033					548,100
	4,750,000		756,175	5,506,175	5,506,175

PRIOR BOND DEBT SERVICE

Defeasance of UCF Parking Debt Refunding 2018A

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
07/01/2023	855,000	5.000%	43,875	898,875	
01/01/2024			22,500	22,500	
06/01/2024					921,375
07/01/2024	900,000	5.000%	22,500	922,500	
06/01/2025					922,500
	1,755,000		88,875	1,843,875	1,843,875

PRIOR BOND DEBT SERVICE

Defeasance of UCF Parking Debt Refunding 2019A

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
07/01/2023	590,000	5.000%	120,375	710,375	
01/01/2024			105,625	105,625	
06/01/2024					816,000
07/01/2024	620,000	5.000%	105,625	725,625	
01/01/2025			90,125	90,125	
06/01/2025					815,750
07/01/2025	650,000	5.000%	90,125	740,125	
01/01/2026			73,875	73,875	
06/01/2026					814,000
07/01/2026	685,000	5.000%	73,875	758,875	
01/01/2027			56,750	56,750	
06/01/2027					815,625
07/01/2027	720,000	5.000%	56,750	776,750	
01/01/2028			38,750	38,750	
06/01/2028					815,500
07/01/2028	755,000	5.000%	38,750	793,750	
01/01/2029			19,875	19,875	
06/01/2029					813,625
07/01/2029	795,000	5.000%	19,875	814,875	
06/01/2030					814,875
	4,815,000		890,375	5,705,375	5,705,375

ESCROW REQUIREMENTS

**State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds**

Cash Defeasance of all Debt

<i>Period Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal Redeemed</i>	<i>Total</i>
06/01/2023		62,856.95	4,750,000	4,812,856.95
07/01/2023	1,445,000	164,250.00		1,609,250.00
01/01/2024		128,125.00		128,125.00
07/01/2024	1,520,000	128,125.00		1,648,125.00
01/01/2025		90,125.00		90,125.00
07/01/2025	650,000	90,125.00		740,125.00
01/01/2026		73,875.00		73,875.00
07/01/2026	685,000	73,875.00		758,875.00
01/01/2027		56,750.00		56,750.00
07/01/2027	720,000	56,750.00		776,750.00
01/01/2028		38,750.00		38,750.00
07/01/2028	755,000	38,750.00		793,750.00
01/01/2029		19,875.00		19,875.00
07/01/2029	795,000	19,875.00		814,875.00
	6,570,000	1,042,106.95	4,750,000	12,362,106.95

ESCROW REQUIREMENTS

Defeasance of UCF Parking Debt Refunding 2012A

<i>Period Ending</i>	<i>Interest</i>	<i>Principal Redeemed</i>	<i>Total</i>
06/01/2023	62,856.95	4,750,000	4,812,856.95
	62,856.95	4,750,000	4,812,856.95

ESCROW REQUIREMENTS

Defeasance of UCF Parking Debt Refunding 2018A

<i>Period Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
07/01/2023	855,000	43,875.00	898,875.00
01/01/2024		22,500.00	22,500.00
07/01/2024	900,000	22,500.00	922,500.00
	1,755,000	88,875.00	1,843,875.00

ESCROW REQUIREMENTS

Defeasance of UCF Parking Debt Refunding 2019A

<i>Period Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
07/01/2023	590,000	120,375.00	710,375.00
01/01/2024		105,625.00	105,625.00
07/01/2024	620,000	105,625.00	725,625.00
01/01/2025		90,125.00	90,125.00
07/01/2025	650,000	90,125.00	740,125.00
01/01/2026		73,875.00	73,875.00
07/01/2026	685,000	73,875.00	758,875.00
01/01/2027		56,750.00	56,750.00
07/01/2027	720,000	56,750.00	776,750.00
01/01/2028		38,750.00	38,750.00
07/01/2028	755,000	38,750.00	793,750.00
01/01/2029		19,875.00	19,875.00
07/01/2029	795,000	19,875.00	814,875.00
	4,815,000	890,375.00	5,705,375.00

ESCROW DESCRIPTIONS DETAIL

**State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds**

Cash Defeasance of all Debt

<i>Type of Security</i>	<i>Type of SLGS</i>	<i>Maturity Date</i>	<i>First Int Pmt Date</i>	<i>Par Amount</i>	<i>Rate</i>	<i>Max Rate</i>
Refunding 2018A, Jun 1, 2023:						
SLGS	Certificate	07/01/2023	07/01/2023	1,150,271	3.490%	3.490%
SLGS	Certificate	01/01/2024	01/01/2024	670,667	5.010%	5.010%
				1,820,938		
Refunding 2018A, Jul 1, 2023:						
SLGS	Rollover Cert	07/01/2024		254,686		
Refunding 2018A, Jan 1, 2024:						
SLGS	Rollover Cert	07/01/2024		667,814		
Refunding 2019A, Jun 1, 2023:						
SLGS	Certificate	07/01/2023	07/01/2023	695,236	3.490%	3.490%
SLGS	Certificate	01/01/2024	01/01/2024	1,397,619	5.010%	5.010%
SLGS	Note	07/01/2024	07/01/2023	3,397,764	4.670%	4.670%
				5,490,619		
Refunding 2019A, Jan 1, 2024:						
SLGS	Rollover Cert	01/01/2025		90,125		
SLGS	Rollover Note	07/01/2025		740,125		
SLGS	Rollover Note	01/01/2026		73,875		
SLGS	Rollover Note	07/01/2026		508,148		
				1,412,273		
Refunding 2019A, Jul 1, 2024:						
SLGS	Rollover Note	07/01/2026		250,727		
SLGS	Rollover Note	01/01/2027		56,750		
SLGS	Rollover Note	07/01/2027		776,750		
SLGS	Rollover Note	01/01/2028		38,750		
SLGS	Rollover Note	07/01/2028		793,750		
SLGS	Rollover Note	01/01/2029		19,875		
SLGS	Rollover Note	07/01/2029		814,875		
				2,751,477		
				12,397,807		

SLGS Summary

SLGS Rates File	21APR23
Total Certificates of Indebtedness	3,913,793.00
Total Notes	3,397,764.00
Total original SLGS	7,311,557.00
Total Rollover SLGS	5,086,250.00

ESCROW COST DETAIL

**State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds**

Cash Defeasance of all Debt

<i>Type of Security</i>	<i>Maturity Date</i>	<i>Par Amount</i>	<i>Rate</i>	<i>Cost</i>	<i>Total Cost</i>
Refunding 2018A:					
SLGS	07/01/2023	1,150,271	3.490%	1,150,271	1,150,271.00
SLGS	01/01/2024	670,667	5.010%	670,667	670,667.00
		1,820,938		1,820,938	1,820,938.00
Refunding 2019A:					
SLGS	07/01/2023	695,236	3.490%	695,236	695,236.00
SLGS	01/01/2024	1,397,619	5.010%	1,397,619	1,397,619.00
SLGS	07/01/2024	3,397,764	4.670%	3,397,764	3,397,764.00
		5,490,619		5,490,619	5,490,619.00
		7,311,557		7,311,557	7,311,557.00

<i>Escrow</i>	<i>Purchase Date</i>	<i>Cost of Securities</i>	<i>Cash Deposit</i>	<i>Total Escrow Cost</i>	<i>Yield</i>
Refunding 2012A:					
	06/01/2023		4,812,856.95	4,812,856.95	
Refunding 2018A:					
	06/01/2023	1,820,938	0.32	1,820,938.32	2.143453%
Refunding 2019A:					
	06/01/2023	5,490,619	0.61	5,490,619.61	1.244880%
		7,311,557	4,812,857.88	12,124,414.88	

ESCROW CASH FLOW

**State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds**

Cash Defeasance of all Debt

<i>Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Rollovers</i>	<i>Net Escrow Receipts</i>
07/01/2023	1,845,507.00	18,429.27	-254,686.00	1,609,250.27
01/01/2024	2,068,286.00	139,925.01	-2,080,087.00	128,124.01
07/01/2024	3,397,764.00	79,337.79	-1,828,977.00	1,648,124.79
01/01/2025			90,125.00	90,125.00
07/01/2025			740,125.00	740,125.00
01/01/2026			73,875.00	73,875.00
07/01/2026			758,875.00	758,875.00
01/01/2027			56,750.00	56,750.00
07/01/2027			776,750.00	776,750.00
01/01/2028			38,750.00	38,750.00
07/01/2028			793,750.00	793,750.00
01/01/2029			19,875.00	19,875.00
07/01/2029			814,875.00	814,875.00
	7,311,557.00	237,692.07	0.00	7,549,249.07

Escrow Cost Summary

Purchase date	06/01/2023
Purchase cost of securities	7,311,557.00

ESCROW CASH FLOW**Defeasance of UCF Parking Debt
Refunding 2018A**

<i>Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Rollovers</i>	<i>Net Escrow Receipts</i>	<i>Present Value to 06/01/2023 @ 2.1434527%</i>
07/01/2023	1,150,271.00	3,290.53	-254,686.00	898,875.53	897,279.91
01/01/2024	670,667.00	19,646.15	-667,814.00	22,499.15	22,221.06
07/01/2024			922,500.00	922,500.00	901,437.03
	1,820,938.00	22,936.68	0.00	1,843,874.68	1,820,938.00

Escrow Cost Summary

Purchase date	06/01/2023
Purchase cost of securities	1,820,938.00
Target for yield calculation	1,820,938.00

ESCROW CASH FLOW**Defeasance of UCF Parking Debt
Refunding 2019A**

Date	Principal	Interest	Rollovers	Net Escrow Receipts	Present Value to 06/01/2023 @ 1.2448803%
07/01/2023	695,236.00	15,138.74		710,374.74	709,640.46
01/01/2024	1,397,619.00	120,278.86	-1,412,273.00	105,624.86	104,862.97
07/01/2024	3,397,764.00	79,337.79	-2,751,477.00	725,624.79	715,934.48
01/01/2025			90,125.00	90,125.00	88,371.37
07/01/2025			740,125.00	740,125.00	721,234.60
01/01/2026			73,875.00	73,875.00	71,544.15
07/01/2026			758,875.00	758,875.00	730,385.32
01/01/2027			56,750.00	56,750.00	54,281.62
07/01/2027			776,750.00	776,750.00	738,368.84
01/01/2028			38,750.00	38,750.00	36,607.41
07/01/2028			793,750.00	793,750.00	745,222.82
01/01/2029			19,875.00	19,875.00	18,544.48
07/01/2029			814,875.00	814,875.00	755,620.47
	5,490,619.00	214,755.39	0.00	5,705,374.39	5,490,619.00

Escrow Cost Summary

Purchase date	06/01/2023
Purchase cost of securities	5,490,619.00
Target for yield calculation	5,490,619.00

ESCROW SUFFICIENCY

State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds

Cash Defeasance of all Debt

<i>Date</i>	<i>Escrow Requirement</i>	<i>Net Escrow Receipts</i>	<i>Excess Receipts</i>	<i>Excess Balance</i>
06/01/2023	4,812,856.95	4,812,857.88	0.93	0.93
07/01/2023	1,609,250.00	1,609,250.27	0.27	1.20
01/01/2024	128,125.00	128,124.01	-0.99	0.21
07/01/2024	1,648,125.00	1,648,124.79	-0.21	
01/01/2025	90,125.00	90,125.00		
07/01/2025	740,125.00	740,125.00		
01/01/2026	73,875.00	73,875.00		
07/01/2026	758,875.00	758,875.00		
01/01/2027	56,750.00	56,750.00		
07/01/2027	776,750.00	776,750.00		
01/01/2028	38,750.00	38,750.00		
07/01/2028	793,750.00	793,750.00		
01/01/2029	19,875.00	19,875.00		
07/01/2029	814,875.00	814,875.00		
	12,362,106.95	12,362,106.95	0.00	

ESCROW SUFFICIENCY

Defeasance of UCF Parking Debt Refunding 2012A

<i>Date</i>	<i>Escrow Requirement</i>	<i>Net Escrow Receipts</i>	<i>Excess Receipts</i>	<i>Excess Balance</i>
06/01/2023	4,812,856.95	4,812,856.95		
	4,812,856.95	4,812,856.95	0.00	

ESCROW SUFFICIENCY

Defeasance of UCF Parking Debt Refunding 2018A

<i>Date</i>	<i>Escrow Requirement</i>	<i>Net Escrow Receipts</i>	<i>Excess Receipts</i>	<i>Excess Balance</i>
06/01/2023		0.32	0.32	0.32
07/01/2023	898,875.00	898,875.53	0.53	0.85
01/01/2024	22,500.00	22,499.15	-0.85	
07/01/2024	922,500.00	922,500.00		
	1,843,875.00	1,843,875.00	0.00	

ESCROW SUFFICIENCY

Defeasance of UCF Parking Debt Refunding 2019A

<i>Date</i>	<i>Escrow Requirement</i>	<i>Net Escrow Receipts</i>	<i>Excess Receipts</i>	<i>Excess Balance</i>
06/01/2023		0.61	0.61	0.61
07/01/2023	710,375.00	710,374.74	-0.26	0.35
01/01/2024	105,625.00	105,624.86	-0.14	0.21
07/01/2024	725,625.00	725,624.79	-0.21	
01/01/2025	90,125.00	90,125.00		
07/01/2025	740,125.00	740,125.00		
01/01/2026	73,875.00	73,875.00		
07/01/2026	758,875.00	758,875.00		
01/01/2027	56,750.00	56,750.00		
07/01/2027	776,750.00	776,750.00		
01/01/2028	38,750.00	38,750.00		
07/01/2028	793,750.00	793,750.00		
01/01/2029	19,875.00	19,875.00		
07/01/2029	814,875.00	814,875.00		
	5,705,375.00	5,705,375.00	0.00	

ESCROW STATISTICS

State of Florida
Board of Governors
University of Central Florida
Parking Facility Revenue Bonds

Cash Defeasance of all Debt

<i>Escrow</i>	<i>Total Escrow Cost</i>	<i>Modified Duration (years)</i>	<i>Yield to Receipt Date</i>	<i>Yield to Disbursement Date</i>	<i>Perfect Escrow Cost</i>	<i>Value of Negative Arbitrage</i>	<i>Cost of Dead Time</i>
Refunding 2012A:	4,812,856.95				4,812,856.95		
Refunding 2018A:	1,820,938.32	0.578	2.143453%	2.143452%	1,843,875.00	-22,936.68	
Refunding 2019A:	5,490,619.61	3.048	1.244880%	1.244880%	5,705,375.00	-214,755.39	
	12,124,414.88				12,362,106.95	-237,692.07	0.00

Delivery date 06/01/2023

ESCROW STATISTICS

Defeasance of UCF Parking Debt Refunding 2012A

<i>Total Escrow Cost</i>	<i>Modified Duration (years)</i>	<i>Yield to Receipt Date</i>	<i>Yield to Disbursement Date</i>	<i>Perfect Escrow Cost</i>	<i>Value of Negative Arbitrage</i>	<i>Cost of Dead Time</i>
4,812,856.95				4,812,856.95		
4,812,856.95				4,812,856.95	0.00	0.00

Delivery date 06/01/2023

ESCROW STATISTICS

Defeasance of UCF Parking Debt Refunding 2018A

<i>Total Escrow Cost</i>	<i>Modified Duration (years)</i>	<i>Yield to Receipt Date</i>	<i>Yield to Disbursement Date</i>	<i>Perfect Escrow Cost</i>	<i>Value of Negative Arbitrage</i>	<i>Cost of Dead Time</i>
1,820,938.32	0.578	2.143453%	2.143452%	1,843,875.00	-22,936.68	
1,820,938.32				1,843,875.00	-22,936.68	0.00

Delivery date 06/01/2023

ESCROW STATISTICS

Defeasance of UCF Parking Debt Refunding 2019A

<i>Total Escrow Cost</i>	<i>Modified Duration (years)</i>	<i>Yield to Receipt Date</i>	<i>Yield to Disbursement Date</i>	<i>Perfect Escrow Cost</i>	<i>Value of Negative Arbitrage</i>	<i>Cost of Dead Time</i>
5,490,619.61	3.048	1.244880%	1.244880%	5,705,375.00	-214,755.39	
5,490,619.61				5,705,375.00	-214,755.39	0.00

Delivery date 06/01/2023



UNIVERSITY OF CENTRAL FLORIDA

Office of the Sr. Vice President
Division of Administration and Finance
P.O. Box 160020
Orlando, FL 32816-0020

June 1, 2023

J. Ben Watkins, III
Director, Division of Bond Finance
1801 Hermitage Blvd
Tallahassee, FL 32308

Re: Defeasance of University of Central Florida Parking Facility Revenue and Revenue Refunding Bonds, Series 2012A, Series 2018A, and Series 2019A

Dear Mr. Watkins:

Currently, the outstanding principal amount of the State of Florida, Board of Governors, University of Central Florida Parking Facility Revenue Bonds, Series 2012A (the "Series 2012A Bonds"), the State of Florida, Board of Governors, University of Central Florida Parking Facility Revenue Refunding Bonds, Series 2018A, and the State of Florida, Board of Governors, University of Central Florida Parking Facility Revenue Refunding Bonds, Series 2019A (the "Series 2019A Bonds") (collectively, the "Outstanding Bonds") is \$11,320,000. The Outstanding Bonds are secured by the net revenues of the University's parking system. The University has sufficient reserves in the parking system and believes it would be financial advantageous to defease the Outstanding Bonds. The Series 2012A Bonds may be redeemed prior to their stated dates of maturity and should be defeased to the date of optional redemption. The Series 2018A Bonds and Series 2019A Bonds are not subject to optional redemption and should be defeased to maturity.

The University hereby requests the Division of Bond Finance of the State Board of Administration of Florida (the "Division") to defease the Outstanding Bonds as soon as possible. At the request of the Division, the University will take all actions necessary in order to defease the Outstanding Bonds.

Sincerely,

Gerald Hector
Senior Vice President
Chief Financial Officer



Board of Trustees Budget and Finance Committee | June 28, 2023

BUDC-6: University Investment Program Structure Update

Information

Discussion

Action

Meeting Date for Upcoming Action: June 29, 2023

Purpose and Issues to be Considered:

The Treasurer’s Office is seeking approval to add language to the university’s investment policy statement to address a recent law adopted by state legislators that takes effect on July 1, 2023. The new law is entitled “Florida Government and Corporate Activism Transparency Act.”

With respect to public funds, the law requires investment decisions to be driven solely by pecuniary factors, which is defined to exclude consideration of the furtherance of any social, political, or ideological interests.

The university treasury office is proposing a revision to the Operating Funds Supplement section of the [UCF Investment Policy Manual](#) to remove any reference to Environmental, Social and Governance (ESG) factors and to re-emphasize our focus on driving investment decisions solely on pecuniary factors.

Background Information:

The university establishes its investment parameters in accordance with sections 1011.42(5) and 218.415, Florida Statutes, and the UCF Investment Policy Manual (policy), including its supplement and operating pool sub-sections. The Senior Vice President for Administration and Finance and Chief Financial Officer or designee consolidates, where practicable and allowable, cash balances and investments from all funds covered by the policy to minimize risk exposure and maintain liquidity while maximizing investment earnings.

As required by section 218.415, Florida Statutes, the investment objectives of the University for invested funds shall be to provide for safety of capital, liquidity of funds, and investment income, in that order. The optimization of investment returns shall be secondary to the requirements for safety and liquidity. In addition to funds invested in the authorized State Treasurer’s Special Purpose Investments Account (SPIA) and State Board of Administration’s Local Government Investment Pool (SBA), excess funds may be divided in four different pools for the structured portfolio as follows:

- Pool I is designated as cash reserves for operational expenses.
- Pool II is designated to cover the University’s medium-term requirements such as debt service for the next year.
- Pool III is considered excess cash reserves that may be invested in longer term investments (up to seven years).



- Safety and optimization of investment returns may be the investment objectives of funds invested in Pool IV only (liquidity is secondary).

The UCF Investment Policy Manual was last revised by the Board of Trustees on November 17, 2022.

Recommended Action:

Recommend approval of the proposed changes to the University Investment Program Structure.

Alternatives to Decision:

Decline to recommend approval of the proposed changes to the University Investment Program Structure or request revisions in lieu of what is being proposed.

Fiscal Impact and Source of Funding:

The university does not project any fiscal impact from the changes being proposed.

Authority for Board of Trustees Action:

Sections 1011.42(5) and 218.415, Florida Statutes; UCF-4.014 Investments; UCF Investment Policy Manual

Contract Reviewed/Approved by General Counsel N/A

Committee Chair or Chair of the Board has approved adding this item to the agenda

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

Attachment A: UCF Operating Funds Supplement

Facilitators/Presenters:

Gerald Hector, Senior Vice President for Administration and Finance

Bert Francis, Assistant Vice President for Debt Management and University Treasurer

University of Central Florida Investment Policy Manual OPERATING FUNDS SUPPLEMENT

This Operating Funds Supplement (Supplement) and its sub-sections are part of the University of Central Florida Investment Policy Manual and are intended only to complement the objectives and guidelines outlined therein. The purpose of this Supplement is to set forth the specific investment objectives and parameters for the management of financial assets of the University of Central Florida Operating Funds (4 internally segmented portfolios collectively referred to as the Fund). This Supplement is designed to ensure the prudent management of financial assets, the availability of operating and capital funds when needed, and to earn an investment return competitive with comparable funds and appropriate measurement benchmarks.

This document will be used to identify and convey the specific objectives and restrictions of each of the four (4) Operating Fund Pools, which shall be designated as Operating Pools I-IV in sub-sections to this Supplement. Whereas individual guidelines and objectives will be defined for each Pool, the following criteria will apply collectively to all of the Operating Pools.

I. Investment Guidelines

A. Authorized Investments

Pursuant to the investment powers of the Budget and Finance Committee as set forth in the Florida Statutes and the delegation of authority granted by the University Board of Trustees, the Budget and Finance Committee sets forth the following general investment guidelines and limitations for all Operating Pools where the listed security type is an allowable investment.

1. Equities

- a. Securities must be traded on a national exchange or electronic network.
- b. Not more than 5% of the Fund's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
- c. All securities must be readily marketable.
- d. Additional criteria may be outlined in the specific Operating Pool guidelines and/or a manager's addendum.

2. Fixed Income

- a. Not more than 5% of the Fund's assets, at the time of purchase, shall be invested in bonds issued by any single corporation.
- b. All securities must be readily marketable.
- c. Additional criteria may be outlined in the specific Operating Pool guidelines and/or a manager's addendum.

3. Cash & Equivalents

- a. The money market fund(s) or short-term investment fund (STIF) options provided by the Fund's custodian.
- b. Securities must be rated in one of the two (2) highest credit quality categories for short-term securities by at least two nationally recognized rating services.

- c. The maturity of any single security shall not exceed 180 days and shall maintain a dollar-weighted average effective maturity of 90 days or less.
 - d. All securities must be readily marketable.
4. Pooled Investment Funds
- a. Investments made by the Fund may include pooled investment funds. For purposes of this Supplement, pooled investment funds may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity.

Pooled investment funds may be governed by separate documents which may include investments not expressly permitted in this Supplement. In the event of investment by the Fund into a pooled investment fund, the Budget and Finance Committee will adopt the prospectus or governing policy of that pooled investment fund as the stated addendum to this Supplement. ~~Environmental, Social and Governance (ESG) factors may be one of many factors taken into consideration in the selection of operating fund investment. Investment decisions made by the University will be driven solely by pecuniary factors, and will exclude consideration of the furtherance of any social, political, or ideological interests.~~

B. Absolute Restrictions

No investments shall be permitted in:

1. Any investment prohibited by State or Federal Law.
2. Any investment not specifically allowed as part of this Supplement or its sub-sections.
3. Direct investment in 'Scrutinized Companies' identified in the periodic publication by the State Board of Administration ("SBA list", updated on their website www.sbafla.com/fsb/), is prohibited. Any security identified as non-compliant on or before January 1, 2010, must be divested by September 1, 2010. Securities identified after January 1, 2010, are subject to the provisions of Section II-C below. However, if divestiture of business activities is accomplished and the company is subsequently removed from the SBA list, the manager can continue to hold that security. Indirect investment in 'Scrutinized Companies' (through pooled investment funds) are governed by the provisions of Section II-E below.

II. Investment Procedures

UCF receives cash from a number of sources during the course of a fiscal year. It is primarily made up of Educational and General, Auxiliary, Contracts and Grants, Foundation funds, and other miscellaneous funds. These funds are bifurcated within the general ledger based on state statutes and other regulations and will be invested in different ways.

Education and General funds come in the form of student tuition and fee payments and state support. For purposes of this investment policy, these funds will be invested in the following manner.

1. All state support will be deposited in SPIA (Special Purpose Investment Account). Those funds come into the university on a bi-weekly basis.

2. All other Educational and General funds come into the university via deposits to the university Bank of America account, as a result of university operations with students making tuition payments, contract and grant payments, and Foundation payments.

All non-Education and General funds come into the university via deposits to the university Bank of America account.

All funds received by the university will be managed using a laddered and structured short term cash management program. This program will include time horizons based on liquidity, cash flow and programmatic needs. All investment time horizons will adhere strict rules and regulations of the state of Florida. The cash management program will take into account three investment vehicles. They are: SPIA, BNY Mellon and Bank of America.

The cash management protocols are as follows:

1. The Florida State Treasury office requires each University to maintain a floor balance within the SPIA fund. This floor balance is calculated based on the average daily holdings within the fund over previous monthly periods, and is periodically reviewed and updated by the State Treasury throughout the year.
2. The university will liquidate all SPIA holdings down to the floor minimum balance and will invest these funds within Pool I.
3. All state support that is subsequently recorded directly into SPIA when transferred from the State of Florida, will be liquidated from SPIA and reinvested in Pool I in order to maintain SPIA balances at the minimum floor amount.
4. All student tuition and fee payments, contracts and grants, Foundation reimbursements, and auxiliary revenues that come into Bank of America will be analyzed for daily liquidity to meet the university's daily cash needs, and any excess over \$5 million on any given day will be invested in Pool I.
5. Pool I will only have securities that are safe, liquid and available for immediate liquidations as further defined in the Pool I subsection of the university's investment policy.
6. On a periodic basis the university Treasurer, in coordination with university investment advisors, and individual investment pool managers, will evaluate the balances within the Pool I fund and may recommend to the University Board of Trustees a periodic rebalancing of any non-education and general funds to Pool II, Pool III and Pool IV.

III. Portfolio Communications & Compliance

- A. It is the direction of the Budget and Finance Committee that the Fund assets are held by a third-party custodian, and that all securities purchased by, and all collateral obtained by the Fund shall be properly designated as Fund assets. No withdrawal of assets, in whole or in part, shall be made from safekeeping except by an authorized member of the Board of Trustees or their designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis to insure that the custodian will have the security or money in hand at conclusion of the transaction.
- B. On a monthly basis, the custodian shall supply an accounting statement that will include a summary of all receipts and disbursements and the cost and the market value of all assets.

- C. On a quarterly basis, the Investment Managers shall provide a written report affirming compliance with the provisions outlined in this Supplement, the respective sub-section and the Investment Manager's addendum (collectively referred to as "Permitted Provisions Documents"). If an Investment Manager owns an investment that complied with Permitted Provisions Documents at the time of purchase, which subsequently exceeds the applicable limit or does not satisfy the Permitted Provisions Documents, such excess or noncompliant investments may be continued until it is economically feasible to dispose of such investment in accordance with the prudent man standard of care. However, no additional assets may be allocated to the designated investment unless authorized in writing by the Budget and Finance Committee. Investment Managers will provide immediate written notice to the Budget and Finance Committee of any deviation from the standards set forth in the Permitted Provisions Documents and are also required to provide an action plan outlining the investment 'hold or sell' strategy.
- D. The Investment Consultant shall evaluate and report on a quarterly basis the rate of return net of investment fees and relative performance of the Fund.
- E. The Investment Consultant, on behalf of the Fund, shall send a letter to any pooled investment fund referring the investment manager to the listing of 'Scrutinized Companies' by the State Board of Administration ('SBA list'), on their website www.sbafla.com/fsb/. This letter shall request that they consider removing such companies from the pooled investment fund or create a similar actively managed pooled investment fund devoid of such companies. If the manager creates a similar pooled investment fund, the Fund shall replace all applicable investments with investments in the newly offered pooled investment fund in an expedited timeframe consistent with prudent investing standards. Once sending the required correspondence, the Fund is not required to sell or limit additional purchases of the pooled investment fund.
- F. At least annually, the Budget and Finance Committee shall provide the Investment Managers with projected disbursement needs of the Fund so that the investment portfolio can be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To this end the Investment Managers should, to the extent possible, attempt to match investment maturities with known cash needs and anticipated cash-flow requirements.

IV. Investment Manager Responsibilities

- A. Within the guidelines and restrictions set forth herein, it is the intention of the Budget and Finance Committee to give each Investment Manager full investment discretion with respect to assets under its management.
- B. Each Investment Manager is expected to provide any reasonable information requested by the Budget and Finance Committee. At a minimum, each manager shall provide a quarterly report detailing their investment activity, the portfolio's current value and any changes in investment philosophy or strategy. Each Investment Manager is expected to meet with the Budget and Finance Committee or their designated representatives periodically to review investment performance and philosophy.
- C. It will be the responsibility of each Investment Manager to review the monthly valuations provided by the Fund's custodian and to note, in writing, any significant discrepancies from the valuations provided in their own reports.

- D. When feasible and appropriate, all securities shall be competitively bid. Except as otherwise required by law, the most economically advantageous bid shall be selected. Commissions paid for purchase of securities must meet the prevailing best-execution rates. The responsibility of monitoring best price and execution of trades placed by each Investment Manager on behalf of the Fund will be governed by the Portfolio Management Agreement between the Fund and the Investment Manager.
- E. Investment Managers shall vote any and all proxies solicited in connection with securities held by the Fund. Investment Managers shall produce a written proxy voting policy statement, and shall keep records with respect to its voting decisions and submit an annual report to the Budget and Finance Committee summarizing votes cast. Voting of proxies must be done solely in the interests of the Fund.
- F. Investment Managers must promptly provide to the Budget and Finance Committee information about changes in the management, ownership and key personnel in a timely fashion, which is not to exceed one month from the change.
- G. Unless otherwise provided by the Fund's custodian, each Investment Manager will monitor portfolio activity to minimize uninvested cash balances.

V. Criteria for Investment Manager Review

The Budget and Finance Committee wishes to adopt standards by which judgments of the ongoing performance of an Investment Manager may be made. If, at any time, any three (3) of the following is breached, the Investment Manager may be warned of the Budget and Finance Committee's serious concern for the Fund's continued safety and performance. If any five (5) of these are violated the consultant may recommend a manager search for that mandate.

- Four (4) consecutive quarters of relative under-performance verses the benchmark.
- Three (3) year trailing return below the top 40th percentile within the appropriate peer group and under performance verses the benchmark.
- Five (5) year trailing return below the top 40th percentile and under performance verses the benchmark.
- Three (3) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Five (5) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Style consistency or purity drift from the mandate.
- Management turnover in portfolio team or senior management.
- Investment process change, including varying the index or benchmark.
- Failure to adhere to the IPS or other compliance issues.
- Investigation of the firm by the Securities and Exchange Commission (SEC).
- Significant asset flows into or out of the company.
- Merger or sale of firm.
- Fee increases outside of the competitive range.

- Servicing issues – key personnel stop servicing the account without proper notification.
- Failure to attain a 60% vote of confidence by the Budget and Finance Committee.

Nothing in this section shall limit or diminish the Budget and Finance Committee's right to terminate the manager at any time for any reason.

VI. Review and Amendments

It is the Budget and Finance Committee's intention to review this document at least annually and to amend it to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Budget and Finance Committee should be notified in writing.

By signing this document, the Senior Vice President for Administration and Finance and Chief Financial Officer attests that this Supplement has been recommended by the Investment Consultant, reviewed by the Fund's legal counsel for compliance with applicable law, and approved by the Chair of the Budget and Finance Committee of the Board of Trustees.

University of Central Florida

Senior Vice President for Administration and Finance
Chief Financial Officer

Date



Board of Trustees Budget and Finance Committee | June 28, 2023

INFO-1: University Investment Report – 3rd Quarter, Ended March 31, 2023

Information Discussion Action

Meeting Date for Upcoming Action: N/A

Purpose and Issues to be Considered:

The university Treasury office has worked with our &Co investment consultants to prepare the attached quarterly investment report for the quarter ended March 31, 2023. This quarter includes the following highlights and notable changes:

The University Structured Investment Portfolio (SIP) returned 2.79% for the quarter ended March 31, 2023. Every investment pool generated positive returns for the quarter, but equities produced the most significant returns with domestic equities returning 7.49% and international equities returning 9.88%.

As of May 30, 2023, the University has liquidated the SPIA fund down to a new floor balance of \$72.1 million and has reinvested these funds into Pool I. The balance in Pool I as of May 30, 2023, is \$246.3 million. The returns on the recently re-established Pool I have exceeded initial expectations and are currently trending above a 5.0% yield as of May 30, 2023. Realized interest income returns on Pool I were approximately \$2.1 million for the quarter ended March 31, 2023.

This item is provided to the trustees quarterly for information purposes only.

Background Information:

The attached report provides an update on the university’s investment portfolio for the quarter ended March 31, 2023 (Attachment A).

As of March 31, 2023, the university had the following cash and investment balances:

Bank of America operating account	\$ 1,712,215
State of Florida Special Purpose Investment Account (SPIA)	118,382,369
Bank of New York Structured Investment Portfolio	<u>548,300,121</u>
Total Cash and Investments	\$ 668,394,705

The structured investment portfolio experienced quarterly net gains totaling \$13,586,225. This includes \$9,540,555 in unrealized gains plus net interest and dividend income of \$4,045,670.

Recommended Action:

For information only.

Alternatives to Decision:

N/A



Fiscal Impact and Source of Funding:

N/A

Authority for Board of Trustees Action:

Sections 1011.42(5) and 218.415, Florida Statutes; UCF-4.014 Investments; UCF Investment Policy Manual

Contract Reviewed/Approved by General Counsel N/A

Committee Chair or Chair of the Board has approved adding this item to the agenda

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

Attachment A: University Investment Report – 3rd Quarter, Ended March 31, 2023

Facilitators/Presenters:

Gerald Hector

Bert Francis, Assistant Vice President for Debt Management and University Treasurer

Investment Performance Review
Period Ending March 31, 2023

University of Central Florida Board Summary Report



Asset Allocation and Performance	Allocation		Performance(%)						Inception Date
	Market Value \$	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	
Total Fund (Net)	548,300,121	100.00	2.79	2.80	-3.44	4.69	4.01	4.01	04/01/2010
SPIA (Net)			0.43	1.06	1.57	1.58	1.99	1.81	
Total Fund (Gross)	548,300,121	100.00	2.80	2.81	-3.42	4.74	4.07	4.09	04/01/2010
Pool I	210,934,103	38.47	1.01	N/A	N/A	N/A	N/A	N/A	04/01/2010
Pool I Policy			1.12	2.46	2.61	0.95	1.40	0.68	
Pool II	55,071,603	10.04	1.24	2.04	1.86	0.96	1.65	0.96	04/01/2010
Pool II Policy			1.20	1.73	1.39	0.28	1.32	0.75	
Pool III	153,125,413	27.93	2.55	1.97	-1.56	2.40	3.10	3.40	04/01/2010
Pool III Policy			2.66	2.11	-1.29	1.86	2.88	3.13	
Pool IV	129,169,002	23.56	5.75	6.03	-5.96	10.60	6.81	7.95	04/01/2010
Pool IV Policy			5.66	6.21	-6.32	9.93	6.53	7.92	



Comparative Performance Trailing Returns

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Pool I	1.01 (65)	N/A	N/A	N/A	N/A	N/A	04/01/2010
FTSE 3 Month T-Bill	1.12 (8)	2.46 (25)	2.61 (25)	0.95 (13)	1.40 (10)	0.68 (11)	
IM U.S. Taxable Money Market (MF) Median	1.04	2.34	2.45	0.82	1.19	0.53	
Fidelity MM (Pool I)	1.01 (65)	N/A	N/A	N/A	N/A	N/A	04/01/2010
FTSE 3 Month T-Bill	1.12 (8)	2.46 (25)	2.61 (25)	0.95 (13)	1.40 (10)	0.68 (11)	
IM U.S. Taxable Money Market (MF) Median	1.04	2.34	2.45	0.82	1.19	0.53	

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.

Comparative Performance Trailing Returns							
	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Pool II	1.24 (48)	2.04 (82)	1.86 (73)	0.96 (75)	1.65 (52)	0.96 (73)	04/01/2010
Pool II Policy	1.20 (53)	1.73 (96)	1.39 (89)	0.28 (98)	1.32 (95)	0.75 (96)	
IM U.S. Cash Fixed Income (SA+CF) Median	1.22	2.52	2.33	1.21	1.66	1.27	
Galliard (Pool II)	1.24 (48)	2.04 (82)	1.86 (73)	0.96 (75)	1.65 (52)	0.96 (73)	04/01/2010
Pool II Policy	1.20 (53)	1.73 (96)	1.39 (89)	0.28 (98)	1.32 (95)	0.75 (96)	
IM U.S. Cash Fixed Income (SA+CF) Median	1.22	2.52	2.33	1.21	1.66	1.27	

Pool II Policy: 75% BofA ML 1 Yr US Treasury Note, 25% 90 Day U.S. T-Bill
 Returns for periods greater than one year are annualized.
 Returns are expressed as percentages.

Comparative Performance Trailing Returns

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Pool III (Net)	2.54	1.95	-1.60	2.34	3.03	3.30	04/01/2010
Pool III Policy	2.66	2.11	-1.29	1.86	2.88	3.13	
Pool III (Gross)	2.55	1.97	-1.56	2.40	3.10	3.40	04/01/2010
Pool III Policy	2.66	2.11	-1.29	1.86	2.88	3.13	
Pool III - Domestic Equity	7.49 (30)	9.95 (45)	-7.76 (54)	18.57 (50)	11.16 (21)	11.89 (47)	04/01/2010
Pool III Equity Policy	7.50 (29)	9.98 (44)	-7.73 (54)	18.60 (49)	11.19 (21)	12.48 (30)	
IM U.S. Equity (SA+CF+MF) Median	4.66	9.54	-7.46	18.56	8.87	11.70	
Pool III - Fixed Income	1.74 (23)	0.70 (91)	-0.40 (92)	-0.53 (92)	1.46 (75)	1.71 (41)	04/01/2010
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	1.80 (19)	0.56 (95)	-0.41 (93)	-1.09 (100)	1.22 (93)	1.41 (71)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	1.59	1.51	0.55	0.65	1.65	1.62	



	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Domestic Equity							
Vanguard Instl (Pool III)	7.49 (13)	9.95 (11)	-7.76 (10)	18.57 (8)	11.16 (7)	12.21 (3)	07/01/2013
S&P 500 Index	7.50 (5)	9.98 (2)	-7.73 (2)	18.60 (1)	11.19 (1)	12.24 (1)	
IM S&P 500 Index (MF) Median	7.43	9.74	-8.01	18.25	10.83	11.82	
Fixed Income							
Galliard (Pool III)	1.72 (25)	0.79 (87)	-0.49 (94)	-0.37 (86)	1.52 (69)	1.78 (37)	04/01/2010
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	1.80 (19)	0.56 (95)	-0.41 (93)	-1.09 (100)	1.22 (93)	1.41 (71)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	1.59	1.51	0.55	0.65	1.65	1.62	
Sawgrass (Pool III)	1.76 (21)	0.59 (95)	-0.27 (86)	-0.73 (97)	1.39 (83)	1.61 (52)	04/01/2010
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	1.80 (19)	0.56 (95)	-0.41 (93)	-1.09 (100)	1.22 (93)	1.41 (71)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	1.59	1.51	0.55	0.65	1.65	1.62	



Comparative Performance Trailing Returns

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Pool IV (Net)	5.75	6.03	-5.97	10.57	6.77	7.83	04/01/2010
Pool IV Policy	5.66	6.21	-6.32	9.93	6.53	7.92	
Pool IV (Gross)	5.75	6.03	-5.96	10.60	6.81	7.95	04/01/2010
Pool IV Policy	5.66	6.21	-6.32	9.93	6.53	7.92	
Pool IV - Total Equity	7.86	10.44	-7.00	17.20	9.41	10.47	04/01/2010
Pool IV Equity Policy	7.43	9.76	-7.27	17.07	9.23	10.68	
Pool IV - Domestic Equity	7.49 (30)	9.95 (45)	-7.76 (54)	18.57 (50)	11.16 (21)	11.92 (46)	04/01/2010
Pool IV Domestic Equity Policy	7.50 (29)	9.98 (44)	-7.73 (54)	18.60 (49)	11.19 (21)	12.48 (30)	
IM U.S. Equity (SA+CF+MF) Median	4.66	9.54	-7.46	18.56	8.87	11.70	
Pool IV - International Equity	9.88 (16)	13.36 (30)	-3.26 (38)	12.14 (45)	3.25 (28)	5.16 (36)	04/01/2010
MSCI AC World ex USA	7.00 (49)	10.38 (51)	-4.56 (47)	12.32 (44)	2.97 (32)	4.70 (48)	
IM International Equity (MF) Median	6.91	10.39	-4.96	11.63	1.99	4.60	
Pool IV - Fixed Income	2.78 (94)	0.17 (56)	-4.36 (27)	-1.22 (27)	1.56 (26)	2.95 (37)	04/01/2010
Pool IV Fixed Income Policy	2.39 (99)	-0.65 (99)	-5.32 (93)	-2.96 (97)	0.79 (100)	2.27 (98)	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	3.16	0.23	-4.67	-1.82	1.34	2.79	

Pool IV Policy: Prior to 7/1/2015: 30% BC Agg, 5% BC TIPS, 50% S&P500, 15% MSCI ACWxUS; 7/1/2015 to 11/30/2022: 50% S&P500, 15% MSCI ACWxUS, 35% BC Agg ; 12/1/2022 to 12/31/2022: 55% S&P500, 10% MSCI ACWxUS, 35% BC Agg; 1/1/2023 to present: 55% S&P500, 10% MSCI ACWxUS, 35% BC Int Agg
Pool IV Equity Policy: Prior to 12/1/2022: 77% S&P500, 23% MSCI ACWxUS; 12/1/2022 to present: 85% S&P500, 15% MSCI ACWxUS;
Pool IV Domestic Equity Policy: 100% S&P500
Pool IV Fixed Policy: Prior to 7/1/2015: 86% BC Agg, 14% BC TIPS; 7/1/2015 to 12/31/2022: 100% BC Agg; 1/1/2023 to present: 100% BC Int Agg
Galliard Pool IV Policy: Prior to 1/1/2023: 100% BC Agg; Since 1/1/2023: 100% BC Int Agg
Returns for periods greater than one year are annualized and are expressed as percentages.



Comparative Performance

Pool IV

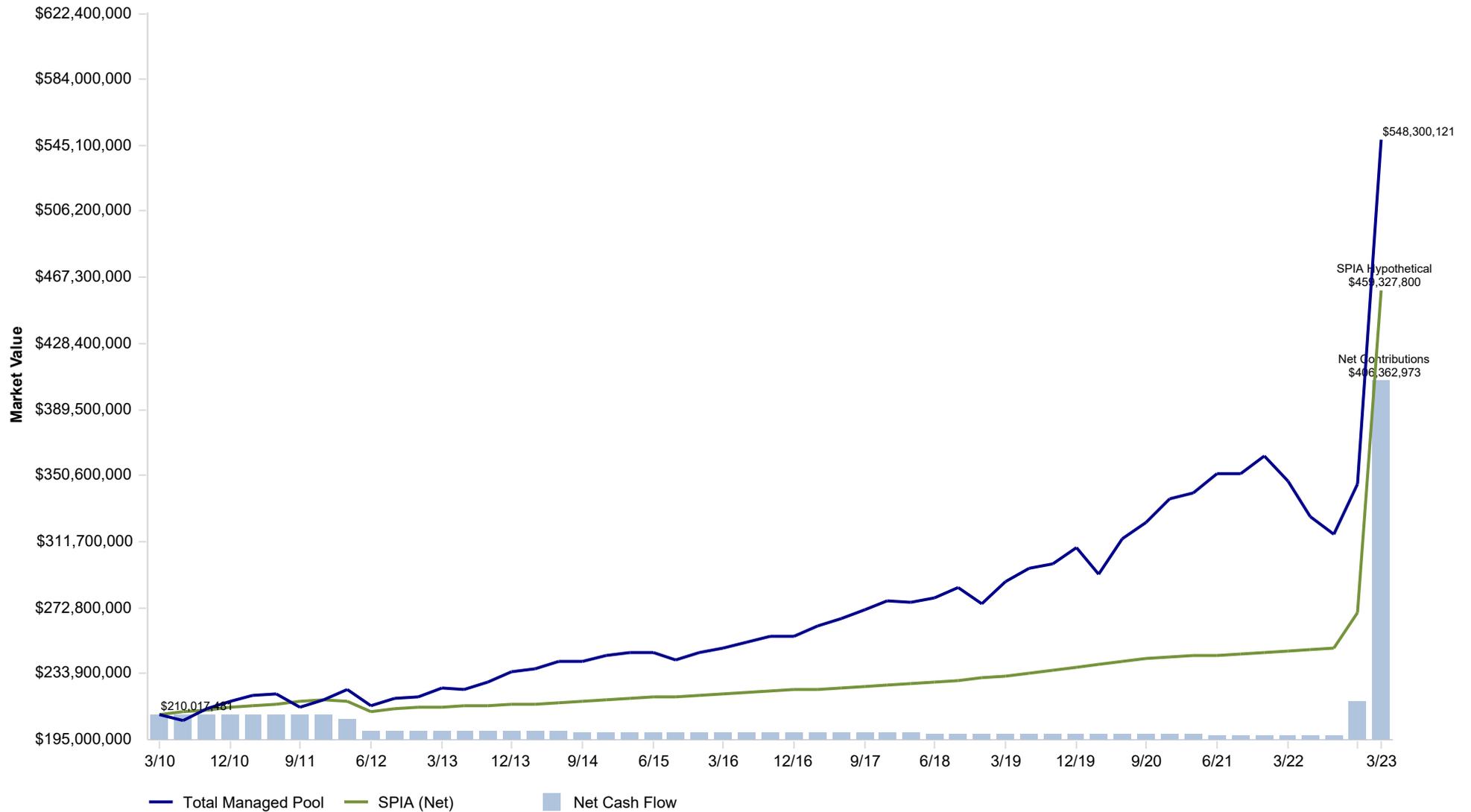
As of March 31, 2023

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Domestic Equity							
Vanguard Instl (Pool IV)	7.49 (13)	9.95 (11)	-7.76 (10)	18.57 (8)	11.16 (7)	12.21 (3)	07/01/2013
S&P 500 Index	7.50 (5)	9.98 (2)	-7.73 (2)	18.60 (1)	11.19 (1)	12.24 (1)	
IM S&P 500 Index (MF) Median	7.43	9.74	-8.01	18.25	10.83	11.82	
International Equity							
Europacific Growth (Pool IV)	9.88 (8)	13.36 (43)	-3.26 (65)	12.14 (72)	3.25 (28)	5.74 (8)	04/01/2010
MSCI AC World ex USA	7.00 (73)	10.38 (80)	-4.56 (80)	12.32 (68)	2.97 (36)	4.70 (45)	
IM International Multi-Cap Core Equity (MF) Median	7.84	12.98	-2.43	12.94	2.53	4.62	
Fixed Income							
Galliard Intermediate (Pool IV)	2.65 (97)	-0.44 (96)	-4.88 (73)	-1.89 (54)	1.41 (40)	2.92 (40)	04/01/2010
Galliard Pool IV Policy	2.39 (99)	-0.65 (99)	-5.32 (93)	-2.96 (97)	0.79 (100)	2.26 (98)	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	3.16	0.23	-4.67	-1.82	1.34	2.79	
Dodge & Cox Income (Pool IV)	3.13 (52)	1.73 (4)	-3.04 (6)	0.13 (4)	1.93 (2)	2.17 (1)	11/01/2014
Blmbg. U.S. Aggregate Index	2.96 (68)	-0.09 (55)	-4.78 (22)	-2.77 (86)	0.90 (43)	1.25 (42)	
IM U.S. Broad Market Core Fixed Income (MF) Median	3.14	-0.02	-5.31	-1.85	0.85	1.20	

Pool IV Policy: Prior to 7/1/2015: 30% BC Agg, 5% BC TIPS, 50% S&P500, 15% MSCI ACWxUS; 7/1/2015 to 11/30/2022: 50% S&P500, 15% MSCI ACWxUS, 35% BC Agg ; 12/1/2022 to 12/31/2022: 55% S&P500, 10% MSCI ACWxUS, 35% BC Agg; 1/1/2023 to present: 55% S&P500, 10% MSCI ACWxUS, 35% BC Int Agg
 Pool IV Equity Policy: Prior to 12/1/2022: 77% S&P500, 23% MSCI ACWxUS; 12/1/2022 to present: 85% S&P500, 15% MSCI ACWxUS;
 Pool IV Domestic Equity Policy: 100% S&P500
 Pool IV Fixed Policy: Prior to 7/1/2015: 86% BC Agg, 14% BC TIPS; 7/1/2015 to 12/31/2022: 100% BC Agg; 1/1/2023 to present: 100% BC Int Agg
 Galliard Pool IV Policy: Prior to 1/1/2023: 100% BC Agg; Since 1/1/2023: 100% BC Int Agg
 Returns for periods greater than one year are annualized and are expressed as percentages.

Schedule of Investable Assets
Total Managed Pool
 Since Inception Ending March 31, 2023

Schedule of Investable Assets



Schedule of Investable Assets

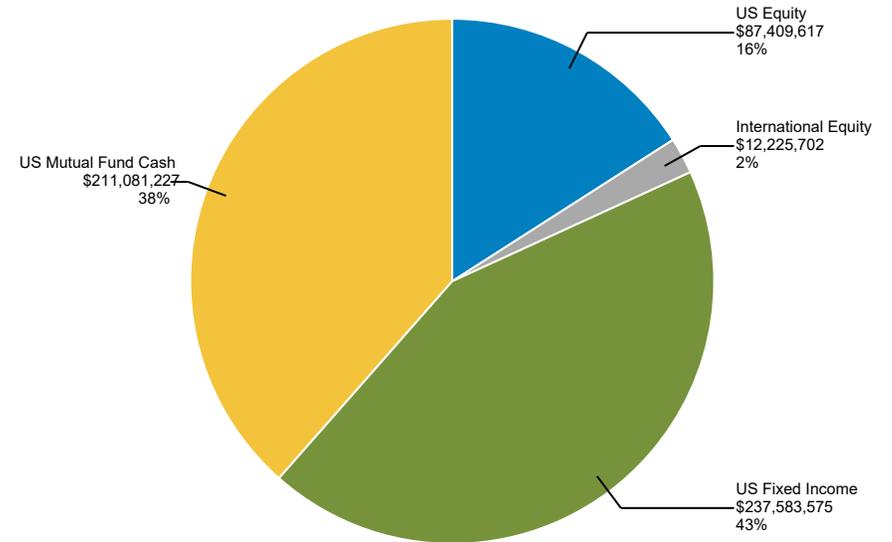
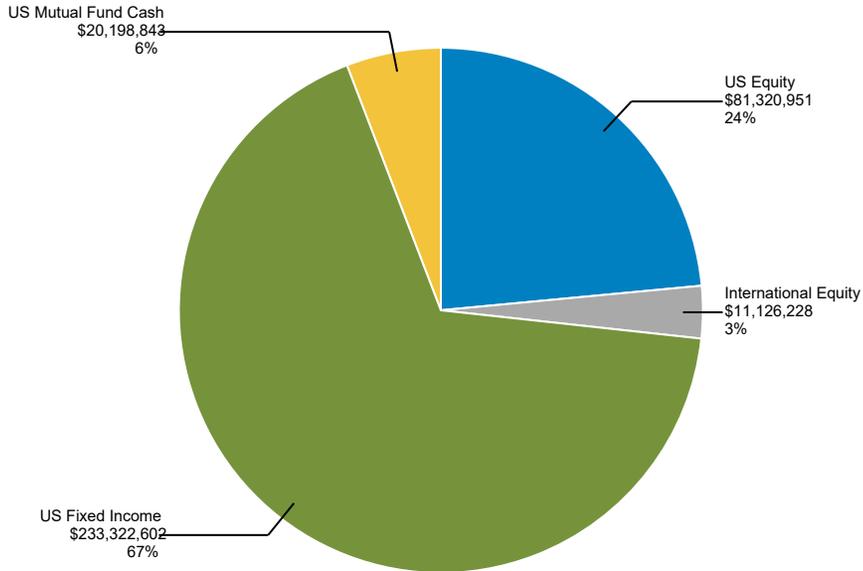
Periods Ending	Beginning Market Value	Net Cash Flow	Gain/Loss	Ending Market Value	Return %
Inception	\$210,017,481	\$196,345,492	\$141,937,148	\$548,300,121	4.09

Returns for periods greater than one year are annualized.
 Net cash flows include those associated with management fees, portfolio expenses, and operating withdrawals. Expenses are reduced by commission recapture income received.
 A prior period adjustment resulted in a \$30 change to the beginning MV.

Asset Allocation by Asset Class
Total Managed Pool
As of March 31, 2023

Dec-2022 : \$345,968,623

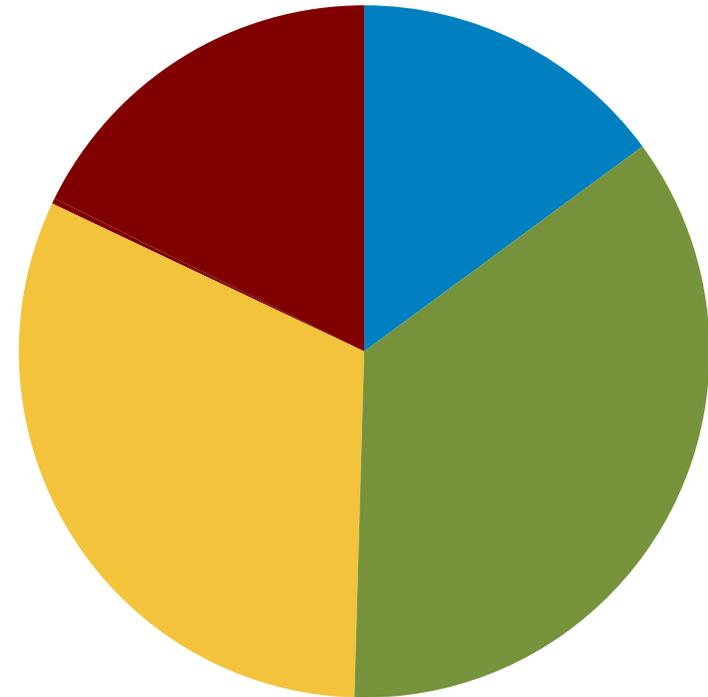
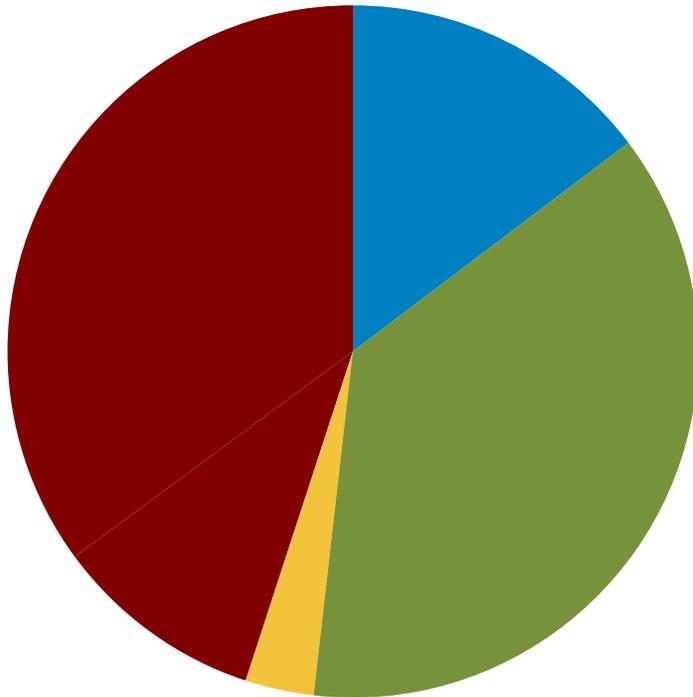
Mar-2023 : \$548,300,121



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
■ US Equity	81,320,951	23.5	■ US Equity	87,409,617	15.9
■ International Equity	11,126,228	3.2	■ International Equity	12,225,702	2.2
■ US Fixed Income	233,322,602	67.4	■ US Fixed Income	237,583,575	43.3
■ US Mutual Fund Cash	20,198,843	5.8	■ US Mutual Fund Cash	211,081,227	38.5

Dec-2022 : \$628,736,805

Mar-2023 : \$668,394,705



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Equity	92,447,179	14.7	Equity	99,635,319	14.9
Fixed Income	233,322,602	37.1	Fixed Income	237,583,575	35.5
Mutual Fund Cash	20,198,843	3.2	Mutual Fund Cash	211,081,227	31.6
Bank of America	62,084,881	9.9	Bank of America	1,712,215	0.3
SPIA	220,683,301	35.1	SPIA	118,382,369	17.7

Financial Reconciliation
Total Managed Pool
1 Quarter Ending March 31, 2023

Financial Reconciliation Quarter to Date									
	Market Value 01/01/2023	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 03/31/2023
Pool I	20,040,420	-	421,950,000	-233,201,250	-	-1,250	2,145,381	803	210,934,103
Fidelity MM (Pool I)	20,040,420	-	421,950,000	-233,201,250	-	-1,250	2,145,381	803	210,934,103
Pool II	54,405,814	-	-	-	-	-7,686	326,398	347,076	55,071,603
Galliard (Pool II)^	54,405,814	-	-	-	-	-7,686	326,398	347,076	55,071,603
Pool III	149,354,581	-	-	-3,479	-19,377	-16,584	933,863	2,876,408	153,125,413
Pool III - Fixed	128,189,669	-	-	-3,479	-19,377	-14,031	842,802	1,384,542	130,380,126
Galliard (Pool III)	73,395,293	-	-	-	-	-10,616	568,572	693,633	74,646,882
Sawgrass (Pool III)	54,794,376	-	-	-3,479	-19,377	-3,415	274,230	690,909	55,733,244
Pool III - Dom Equity	21,138,123	-	-	-	-	-	90,788	1,491,867	22,720,778
Vanguard Instl (Pool III)	21,138,123	-	-	-	-	-	90,788	1,491,867	22,720,778
Pool III - Mutual Fund Cash	26,789	-	-	-	-	-2,553	273	-	24,509
Pool IV	122,167,808	-	-	-	-	-17,291	702,216	6,316,269	129,169,002
Pool IV - Fixed	50,727,119	-	-	-	-	-6,915	442,375	969,268	52,131,846
Galliard Intermediate (Pool IV)	36,340,288	-	-	-	-	-6,915	312,551	649,453	37,295,377
Dodge & Cox Income (Pool IV)	14,386,831	-	-	-	-	-	129,824	319,815	14,836,469
Pool IV - Dom Equity	60,182,828	-	-	-	-	-	258,485	4,247,526	64,688,840
Vanguard Instl (Pool IV)	60,182,828	-	-	-	-	-	258,485	4,247,526	64,688,840
Pool IV - Int'l Equity	11,126,228	-	-	-	-	-	-	1,099,474	12,225,702
Europacific (Pool IV)	11,126,228	-	-	-	-	-	-	1,099,474	12,225,702
Pool IV - Mutual Fund Cash	131,634	-	-	-	-	-10,376	1,356	-	122,614
Total Managed Pool	345,968,623	-	421,950,000	-233,204,729	-19,377	-42,811	4,107,858	9,540,555	548,300,121

Financial Reconciliation
Total Managed Pool
July 1, 2022 To March 31, 2023

Financial Reconciliation Fiscal Year to Date									
	Market Value 07/01/2022	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 03/31/2023
Pool I	-	-	441,950,000	-233,201,250	-	-1,250	2,185,801	803	210,934,103
Fidelity MM (Pool I)	-	-	441,950,000	-233,201,250	-	-1,250	2,185,801	803	210,934,103
Pool II	53,988,992	-	-	-	-	-16,177	827,657	271,131	55,071,603
Galliard (Pool II)^	53,988,992	-	-	-	-	-16,177	827,657	271,131	55,071,603
Pool III	150,243,674	-	27	-3,479	-38,576	-38,758	2,586,137	376,389	153,125,413
Pool III - Fixed	129,549,517	-	-	-3,479	-38,576	-33,370	2,301,801	-1,395,766	130,380,126
Galliard (Pool III)	74,087,540	-	-	-	-	-22,845	1,496,939	-914,752	74,646,882
Sawgrass (Pool III)	55,461,976	-	-	-3,479	-38,576	-10,525	804,862	-481,014	55,733,244
Pool III - Dom Equity	20,664,924	-	-	-	-	-	283,695	1,772,159	22,720,778
Vanguard Instl (Pool III)	20,664,924	-	-	-	-	-	283,695	1,772,159	22,720,778
Pool III - Mutual Fund Cash	29,233	-	27	-	-	-5,388	642	-5	24,509
Pool IV	121,875,992	-	81	-	-	-37,731	2,199,174	5,131,486	129,169,002
Pool IV - Fixed	52,058,247	-	-	-	-	-15,933	1,247,313	-1,157,782	52,131,846
Galliard Intermediate (Pool IV)	37,474,688	-	-	-	-	-15,933	885,464	-1,048,842	37,295,377
Dodge & Cox Income (Pool IV)	14,583,560	-	-	-	-	-	361,849	-108,940	14,836,469
Pool IV - Dom Equity	54,075,366	5,000,000	-	-	-	-	786,859	4,826,616	64,688,840
Vanguard Instl (Pool IV)	54,075,366	5,000,000	-	-	-	-	786,859	4,826,616	64,688,840
Pool IV - Int'l Equity	15,601,662	-5,000,000	-	-	-	-	161,388	1,462,652	12,225,702
Europacific (Pool IV)	15,601,662	-5,000,000	-	-	-	-	161,388	1,462,652	12,225,702
Pool IV - Mutual Fund Cash	140,717	-	81	-	-	-21,798	3,614	-	122,614
Total Managed Pool	326,108,658	-	441,950,108	-233,204,729	-38,576	-93,916	7,798,768	5,779,808	548,300,121

Pool I:	Yes	No	N/A
Investments limited to registered 2a-7 mutual funds, CDARS, and or/SPIA.			✓

Pool II:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "A-" or higher by a major credit rating service.	✓		
The weighted average quality of the fixed income portfolio shall maintain a rating of "AA+" or higher.	✓		
Duration of the fixed income portfolio shall not exceed the effective duration of the Merrill Lynch 1-Year Treasury index by 25%.	✓		
The maximum average effective maturity of any single security shall not exceed 3 years.	✓		
Operating Pool II shall maintain a dollar-weighted average effective maturity of 1 year or less.	✓		

Pool III Equity:	Yes	No	N/A
Investments in equity securities shall not exceed twenty-percent (20%) of the market value of Operating Pool III's assets.	✓		

Pool III Fixed Income:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "A-" or higher by a major credit rating service.*		✓	
The weighted average quality of the fixed income portfolio shall maintain a rating of "AA-" or higher.	✓		
The duration of the fixed income portfolio shall not exceed the effective duration of the benchmark by 50%.	✓		
Operating Pool III shall maintain a dollar-weighted average effective maturity of 7 years or less.	✓		

Pool IV Equity:	Yes	No	N/A
Investment in equity securities shall not exceed seventy-five percent (75%) of the market value of Operating Pool IV's assets.	✓		
Foreign securities shall not exceed twenty-percent (20%) of the market value of Operating Pool IV's assets.	✓		

Pool IV Fixed Income:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "investment grade" or higher by a major credit rating service.		✓	
The weighted average quality of the fixed income portfolio shall maintain a rating of "A-" or higher.	✓		
Duration of the fixed income portfolio shall not exceed the effective duration of the benchmark by 50%.	✓		

*As previously communicated, the Galliard Pool III portfolio holds four bonds rated BBB/Baa2/BBB+.

	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Fidelity/Invesco MM*	0.23	210,934,103	485,148	0.23 % of Assets
Pool I	0.23	210,934,103	485,148	
Galliard	0.10	55,071,603	55,072	0.10 % of Assets
Pool II	0.10	55,071,603	55,072	
Galliard	0.10	74,646,882	74,647	0.10 % of Assets
Sawgrass	0.07	55,733,244	39,013	0.07 % of Assets
Pool III - Fixed Income	0.09	130,380,126	113,660	
Vanguard Institutional Index*	0.04	22,720,778	7,952	0.04 % of Assets
Pool III - Domestic Equity	0.04	22,720,778	7,952	
Mutual Fund Cash*	0.21	24,509	51	0.21 % of Assets
Pool III	0.08	153,125,413	121,664	
Galliard Intermediate	0.20	37,295,377	74,591	0.20 % of Assets
Dodge & Cox Income*	0.42	14,836,469	62,313	0.42 % of Assets
Pool IV - Fixed Income	0.26	52,131,846	136,904	
Vanguard Institutional Index*	0.04	64,688,840	22,641	0.04 % of Assets
Pool IV - Domestic Equity	0.04	64,688,840	22,641	
Europacific Growth*	0.46	12,225,702	56,238	0.46 % of Assets
Pool IV - International Equity	0.46	12,225,702	56,238	
Mutual Fund Cash*	0.21	122,614	257	0.21 % of Assets
Pool IV	0.17	129,169,002	216,041	
Total Managed Pool	0.16	548,300,121	877,925	

*Audited expense ratio.

**The University of Central Florida pays Bank of New York Mellon a custodial fee of 2.5 basis points annually, billed quarterly on each account's market value.

***The University of Central Florida pays AndCo an all inclusive fee, billed quarterly in arrears, of \$110,000 for investment consulting services.

Active Return	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
Alpha	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
Beta	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
Consistency	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
Distributed to Paid In (DPI)	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
Down Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
Downside Risk	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
Excess Return	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
Excess Risk	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
Information Ratio	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
Public Market Equivalent (PME)	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
R-Squared	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
Return	- Compounded rate of return for the period.
Sharpe Ratio	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
Standard Deviation	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
Total Value to Paid In (TVPI)	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
Tracking Error	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
Treynor Ratio	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
Up Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.



AndCo compiled this report for the sole use of the client for which it was prepared. AndCo is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. AndCo uses the results from this evaluation to make observations and recommendations to the client.

AndCo uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. AndCo analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides AndCo with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides AndCo with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause AndCo to believe that the information presented is significantly misstated.

This performance report is based on data obtained by the client's custodian(s), investment fund administrator, or other sources believed to be reliable. While these sources are believed to be reliable, the data providers are responsible for the accuracy and completeness of their statements. Clients are encouraged to compare the records of their custodian(s) to ensure this report fairly and accurately reflects their various asset positions.

The strategies listed may not be suitable for all investors. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Past performance is not an indication of future performance. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.

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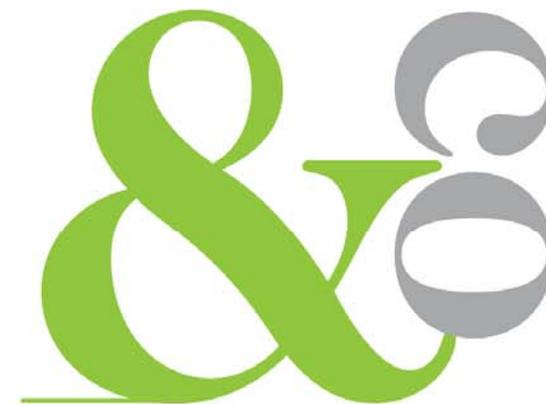
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**Board of Trustees
Budget and Finance Committee | June 28, 2023**

INFO-2: University Operating Budget Report – 3rd Quarter, Ended March 31, 2023 with Estimated Projections through June 30, 2023.

Information **Discussion** **Action**

Meeting Date for Upcoming Action: N/A

Purpose and Issues to be Considered:

This item provides the fiscal year 2022-23 (FY2023) quarter ending March 31, 2022, operating financials budget-to-actual results and year-over-year comparisons to fiscal year 2021-22 (FY2022).

The approved annual budget reflects \$2.1 billion in revenues with the most significant contributing source being Local Funds. They contributed slightly more than one third, Education & General (E&G) contributed approximately one third, and Contracts & Grants (which includes Federal Higher Education Emergency Relief Funds or HEERF), Auxiliary Services and Faculty Practice Plan combined filling out just under one third. After the third quarter of operations, actual revenues are \$1.5 billion or 72.13% of budget. Expenditures are \$1.5 billion or 70.69% of the annual budget. The two combined generated a surplus of \$30.2 million. Compared to prior year actual results, revenues are down 10.49% and expenditures are down 3.87%. Results for individual budget entities and variables are described in further detail below.

A key item of note as this report and the accompanying narrative are reviewed is the impact of HEERF to these financial results. Since fiscal year 2020, the university has been the beneficiary of HEERF related funds. The total awards to the university across all three funding tranches was approximately \$314 million. This current fiscal year will show the diminution in the remaining funds on hand, and the impacts on a year over year basis in primarily the C&G and Auxiliary categories of this budget versus actual third quarter report. Both revenues and expenses on a comparative basis will have large changes. On a prospective basis, HEERF will have an immaterial impact on these financials with next year results (FY2024) showing the last of the year over year multimillion dollar changes. It is expected that the HEERF program will be closed out this upcoming June 30, 2023, or shortly thereafter. We were recently granted a No Cost Extension (NCE) due to continued supply chain and labor issues around several remaining projects, but work will continue to diligently spend down the remaining funds as quickly as possible within the guidelines from the Department of Education.

Three revenue categories for the university will continue to receive focused attention in terms of budget creation and monitoring. They are (i) C&G, (ii) Auxiliaries, and (iii) Local Funds. Given the need for spending authority throughout the course of the fiscal year, coupled with several factors being outside of our control (e.g. Title IV needs of our students), there is a need to have more robust monitoring tools and processes to set the spending authority for subsequent years. With the implementation of Adaptive Planning for budgeting, and Workday for cost center management, we are in a better position to predict with greater certainty where spend authority is needed and how much should be requested to ensure annual operations are optimal.

Background Information:

Education & General. The Education & General revenues consist of state appropriations (general revenue and Educational Enhancement funds (Lottery)), and student fees which include tuition and out-of-state-fees. Expenditures from these funds are restricted to operating activities for educational purposes including general instruction, research, public service, plant operations and maintenance, student services, libraries, administrative support, and other enrollment related operations. This budget entity is further segregated into three separate budget entities with separate state appropriations: (1) Main (2) College of Medicine and (3) Florida Center for Students with Unique Abilities (FCSUA).

E&G Main: Actual revenues were \$501.4 million or 74.97% of total budgeted revenues and an increase from prior year of \$12.5 million or 2.56%. The increase is a result of increased state appropriations. Actual expenditures were \$494.8 million or 73.98% of total budgeted expenditures and an increase of \$41.2 million or 9.08% from prior year. The increase in expenditures is primarily due to increased salary expenses of \$37.0 million from prior year. The university continues to invest in hiring exceptional talent and retaining valued faculty and staff with salary increases and one-time payments as it moves toward the strategic goal of becoming an employer of choice.

E&G COM: Actual revenues were \$35.0 million or 72.70% of total budgeted revenues and a decrease from prior year of \$0.4 million or 1.03%. Actual expenditures were \$34.3 million or 71.16% of total budgeted expenditures and an increase of \$0.08 million or 0.24% from prior year. There were no significant variances in actual revenues or expenditures compared to prior year.

E&G FCSUA: Actual revenues were \$6.8 million or 75.62% of total budgeted revenues and \$0.06 million or 0.82% increase from prior year. Actual expenditures were \$3.3 million or 37.28% of total budgeted expenditures and an increase of \$1.1 million or 51.91% from prior year. The increase in expenditures is primarily due to an increase in Florida Postsecondary Comprehensive Transition Program Scholarships. The budget utilization rate of 37.28% is primarily the result of timing related to awarding and disbursing grants to other institutions.

Contracts and Grants (C&G). The C&G budget primarily consists of research activities that are funded by federal, state, local, and private funds. Actual revenues were \$187.7 million or 62.04% of total budgeted revenues and a decrease from prior year of \$22.7 million or 10.78%. Actual expenditures were \$186.5 million or 63.11% of total budgeted expenditures and a decrease of \$12.9 million or 6.48% from prior year. Both revenue and expenditure decreases are primarily due to a decrease in HEERF activities (decreased \$16.1 million) and Arcibo grants for telescope clean-up (decreased \$12.4 million).

Auxiliaries. Auxiliary enterprises (auxiliaries) include those activities that are not instructional in nature but support the operation of the university. The primary auxiliary areas include Housing, Student Health Services, Parking Services, Computer Store, Telecommunications, Continuing Education, Dining Services, and the Bookstore. The auxiliaries must generate adequate revenue to cover their expenses and allow for future renovations, and building or equipment replacement, if applicable. Several auxiliaries are partially or wholly funded by student fees, including Student Health Services, Parking Services, Material and Supply Fees, and Equipment Fees. The uses of certain auxiliary revenues are restricted by either state statute, BOG regulations, and/or bond covenants. They include the following auxiliaries: Housing (bonded facilities), Parking Services (bonded facilities), Distance Learning, Material and Supply Fees, Equipment Fees, and Administrative Auxiliaries (primarily funded by a charge to auxiliaries for costs borne by the central operations on their behalf). Housing and Parking Services restrictions will become unrestricted upon payoff of all bonded debt in 2042 and 2032, respectively.



Actual auxiliary revenues were \$246.7 million or 76.53% of total budgeted revenues and reflected a decrease from prior year of \$34.6 million or 12.30%. Revenue decreases were primarily due to FY22 receipt of HEERF funding for lost revenues due to COVID (\$40.0 million) and decreased investment earnings (approximately \$8.1 million). Actual expenditures were \$215.2 million or 65.81% of total budgeted expenditures and an increase of \$31.7 million or 17.28% from prior year. The increase was primarily attributable to investments in personnel (increased \$12.8 million) and increased general operating costs such as utilities (increased \$7.4 million) and services and supplies (increased \$6.8 million).

Local Funds. The Local Funds budget contains operating resources for the following individual budget entities:

Student Financial Aid (SFA): The student financial aid budget largely represents scholarships, grants, and loan funds that are received by the university and subsequently disbursed to students. SFA also includes the financial aid fee charged to students. SFA accounts for \$604.6 million of the \$733.7 million Local Fund revenue budget and \$734.2 million Local Fund expenditure budget. SFA actual revenues were \$440.6 million (83.38% of total Local Fund actual revenues) and expenditures were \$440.9 million (81.37% of total Local Fund actual expenditures). Year-over year decreases in revenues and expenditures are primarily due to HEERF emergency student financial aid awards (\$81.5 million revenue and expenditure decrease). Additionally, changes in business processes due to Workday conversion reduced SFA transfer in revenues approximately \$49.3 million from prior year. Prior to Workday, departments transferred funds to SFA from other budget entities to fund student awards (recorded as transfer in revenues for SFA and transfer out expenses by other budget entities). Upon Workday implementation, we now record these student award expenses directly to the funding budget entity (e.g., transfers no longer required). Large disbursements of these funds occur at the beginning of the Fall and Spring semesters thus impacting budget utilization. The expenses in this budget will, therefore, not coincide with the months remaining in the year as the expenditure of these funds are not linear as the fiscal year progresses.

Student Activities: The student activities budget is funded in three distinct categories; (i) Activity and Service Fee paid by students, (ii) revenues generated from the Student Union, and (iii) revenues generated from the Recreation and Wellness Center. Student Activities accounts for \$25.3 million of the \$733.7 million Local Funds revenue budget, and \$27.4 million of the \$734.2 million Local Funds expenditure budget. There were no significant budget variations or changes in revenues or expenditures.

Concessions: The concessions budget is funded from vending commissions and related sponsorship revenue. These funds are used for events and other expenditures that support the university. Concessions accounts for \$0.4 million of the \$733.7 million Local Funds revenue budget and \$0.8 million of the \$734.2 million Local Funds expenditure budget. There were no significant budget variations or changes in revenues or expenditure.

Technology Fee: The revenue from this fee will be used to enhance instructional technology resources for students and faculty. Technology Fee accounts for \$9.3 million of the \$733.7 million Local Fund revenue budget and \$16.8 million of the \$734.2 million Local Fund expenditure budget. There were no significant budget variations or changes in revenues or expenditures.



Intercollegiate Athletics: Revenues are primarily derived from student athletic fees, ticket sales, and sales of other goods and services. For budgetary reporting to the BOG, Intercollegiate Athletics includes activities of the university direct support organization (DSO) the University of Central Florida Athletics Association (UCFAA). Intercollegiate Athletics accounts for \$91.5 million of the \$733.7 million Local Fund revenue budget and \$84.0 million of the \$734.2 million Local Fund expenditure budget. Actual revenues were \$56.7 million (10.72% of total Local Fund revenues) and expenditures were \$70.2 million (12.96% of total Local Fund expenditures). See DSO quarterly reports for a full overview of UCFAA activities and analysis.

Faculty Practice Plan (FPP). The FPP collects and distributes income from faculty billings for patient services to UCF Health to cover the cost of medical services. Actual revenues were \$6.7 million or 53.12% of total budgeted revenues and an increase from prior year of \$1.1 million or 20.60%. Actual expenditures were \$6.7 million or 45.73% of total budgeted expenditures and an increase of \$3.4 million or 102.66% from prior year. See DSO quarterly reports for a full overview of the Central Florida Clinical Practice Organization activities and analysis.

June 30, 2023 Projections. We have prepared preliminary year end projections as of March 31, 2023, across all funding sources. As noted above, offsetting variances in C&G, Auxiliaries and Local Funds (more specifically student financial aid) account for the major differences between projected actuals and the annual budget. All other categories of revenues and expenditures are in line with expectations. The Budget Office is currently engaged in an analysis to find a consistent methodology to apply where “spending authority” remains, but there is a process to have a budget amendment process in place during the fiscal year as the annual projections are adjusted on either a monthly, quarterly or semi-annual basis. The hope is to eliminate the large variance in budget (spending authority) and actuals at the end of a fiscal year.

For the fiscal year end funding uses, the timing of when we were able to deploy restricted Education and General (E&G) funds for STEM related (\$20 million), and nursing activities (\$7 million) resulted in the underspending for E&G Main and E&G COM. Those funds are already earmarked for hiring in the fall of 2023 and beyond. The major complexity there is that when funding is received, and the window for hiring faculty has an almost one-year lag. On a prospective basis, this will be addressed by faculty hiring planning done to mirror estimated funding timelines, and adjustments made after the fact when necessary.

The spending categories for C&G, Auxiliary and Local Funds have the corresponding netting with the funding sources above. The budgeting philosophy around “spending authority” is under review and analysis for when a final budget is presented for FY2024 at the September Board of Trustees meeting.

Recommended Action:

For information only.

Alternatives to Decision:

N/A

Fiscal Impact and Source of Funding:

N/A



Authority for Board of Trustees Action:

Policy BOT-9, Board Policy for University Operating, Carryforward, and Capital Outlay Budgets; UCF Policy No. 3-211, University Budget Process

Contract Reviewed/Approved by General Counsel N/A

Committee Chair or Chair of the Board has approved adding this item to the agenda

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

Attachment A: University Operating Budget Report – 3rd Quarter, Ended March 31, 2022

Facilitators/Presenters:

Gerald Hector

Danta White, Senior Assistant Vice President and University Controller

Attachment A

University of Central Florida
Financial Update - University Summary
Quarter Ended March 31, 2023 (75% of year)

	FY 2023 Adjusted Budget	FY 2023 Actuals 3-31-2023	\$ Remaining Budget	% of Budget Used	Prior Year Actuals 3-31-2022	\$ Favorable/ (Unfavorable)	% Increase/ (Decrease)	Projected Actuals 6-30-2023	Approved versus Projected 6-30-2023
Revenues									
E&G Main	668,808,250	501,409,321	167,398,929	74.97%	488,910,268	12,499,053	2.56%	681,098,299	12,290,049 ²
E&G College of Medicine	48,138,526	34,997,268	13,141,258	72.70%	35,362,970	(365,702)	-1.03%	47,105,130	(1,033,396) ³
E&G Florida Center for Students with Unique Abilities	8,984,565	6,793,791	2,190,774	75.62%	6,738,413	55,378	0.82%	8,984,565	-
Contracts and Grants	302,622,590	187,740,841	114,881,749	62.04%	210,435,483	(22,694,642)	-10.78%	231,958,525	(70,664,065) ⁴
Auxiliaries	322,406,731	246,725,470	75,681,261	76.53%	281,330,966	(34,605,496)	-12.30%	309,397,999	(13,008,732) ⁵
Local Funds	733,675,856	528,445,304	205,230,553	72.03%	661,762,312	(133,317,008)	-20.15%	605,213,846	(128,462,010) ⁵
Faculty Practice Plan (FPP)	12,600,805	6,693,450	5,907,355	53.12%	5,550,133	1,143,317	20.60%	8,942,642	(3,658,163) ⁶
Total Revenues	2,097,237,323	1,512,805,445	584,431,878	72.13%	1,690,090,545	(177,285,100)	-10.49%	1,892,701,006	(204,536,317)
Expenditures									
E&G Main	668,808,250	494,753,290	166,389,101	73.98%	453,565,336	(41,187,954)	-9.08%	628,848,206	39,960,044.00 ⁷
E&G College of Medicine	48,138,526	34,256,195	13,882,331	71.16%	34,339,987	83,792	0.24%	44,671,149	3,467,377.46 ⁷
E&G Florida Center for Students with Unique Abilities	8,984,565	3,349,321	5,635,244	37.28%	2,204,848	(1,144,473)	-51.91%	3,767,092	5,217,473.00 ⁸
Contracts and Grants	295,575,188	186,530,297	109,044,891	63.11%	199,459,598	12,929,301	6.48%	233,666,565	61,908,623.08 ⁴
Auxiliaries	326,938,434	215,152,504	111,785,931	65.81%	183,448,761	(31,703,743)	-17.28%	276,868,914	50,069,520.47 ⁵
Local Funds	734,228,740	541,890,175	192,338,565	73.80%	665,959,165	124,068,991	18.63%	626,698,143	107,530,597.00 ⁵
Faculty Practice Plan (FPP)	14,563,620	6,659,837	7,903,783	45.73%	3,286,213	(3,373,624)	-102.66%	9,361,727	5,201,893.24 ⁶
Total Expenditures ¹	2,097,237,324	1,482,591,618	606,979,846	70.69%	1,542,263,908	59,672,289	3.87%	1,823,881,795	273,355,528
Surplus/(Deficit)	(0)	30,213,827	(22,547,968)		147,826,637	(236,957,389)		68,819,211	68,819,211

¹ This number was adjusted for information purposes only from what was originally adopted in May of 2022 to cover a \$21 million deficit shown on the face of the budget.

² Increase is due to increased state funding and support in FY2023 for STEM related fields and Nursing.

³ Decrease is due primarily to the timing of a change in appropriation that will be funded in FY2024. The university main campus and COM noted the change this year, and the funding will shift next year.

⁴ Decrease is due primarily to the timing of when revenues are recognized after expenditures have been made. See the corresponding reduction in expenses below. We are revisiting the way we budget for C&G, Auxiliary and Local Funds prospectively.

⁵ This variance is driven by how the budgets have been built in the past. They have included "spending authority" as a reserve, but not realized. We are revisiting the manner in which auxiliary, C&G and Local Funds budgets are built with "spending authority."

⁶ Variance is due to three factors, (i) The Infusion Center expectations for revenues did not materialize, (ii) one of our highest producing clinical faculty left in January of 2023, and (iii) we were unable to recruit the high producing faculty as anticipated. See corresponding variance on expenses below.

⁷ Variance is due to additional state funding received and not spent due to timing, coupled with vacancies in personnel that we are actively trying to fill as a result of ongoing staffing challenges.

⁸ Variance is due to the timing of disbursements of awards for the program that crosses fiscal years.



Board of Trustees Budget and Finance Committee | June 28, 2023

INFO-3: Direct Support Organizations' (DSO) Financial Reports – 3rd Quarter, Ended March 31, 2023

Information Discussion Action

Meeting Date for Upcoming Action: _____ N/A

Purpose and Issues to be Considered:

In keeping with UCF's Presidential goals to improve internal communications methods and channels to provide timely, relevant, and transparent information to faculty and staff, this item is provided to the trustees for information purposes only.

Background Information:

The third quarter financial reports for the university direct support organizations (DSO) and the Central Florida Clinical Practice Organization are attached. The reports compare year-to-date actuals to the year-to-date budget and to the same period of the prior year.

UCF Academic Health

UCF Academic Health, Inc. (UCFAH) supports medical education, research, and patient care through the planning and development of clinical initiatives and affiliated partnerships that serve the educational, research, and clinical mission of the College of Medicine. Currently, UCFAH is engaged in two main activities. One is a joint venture with Hospital Corporation of America (HCA) (Central Florida Health Services, LLC or CFHS) which includes shared governance and 20% equity ownership in the development and operation of UCF Lake Nona Medical Center (UCF LNMC). UCF LNMC has been developed to serve as a teaching hospital. The second major activity of UCFAH is the development and oversight of lease arrangements with private partners in the UCF Lake Nona Cancer Center (UCF LNCC). This includes lease administration and collection of rental income for UCFAH's designated space in the UCF LNCC. UCFAH was established in 2016. In July 2019, it began leasing space to outside tenants in the UCF LNCC.

As of March 31, 2023, year-to-date commercial lease revenue of \$1.9 million is as expected with all tenants making lease payments on-time. Revenue also reflects the addition of a short-term tenant as of September 2022 that was not included in the budget creating a favorable variance. The prior year is showing higher revenue due to a change in the recording of sales tax in FY23 which is now being recorded on the balance sheet as a pass-through transaction rather than impacting both revenue and expense on the income statement.

Facility expense of \$1.9 million equals the fixed rent payment to UCF of \$1.5 million for the first three quarters and an accrual of CAM that is expected to be paid prior to year-end. At this time, it is expected that all remaining revenue after fixed rent and operating expenses will be paid to cover higher than expected operating expenses for the cancer center. This is primarily due to recent increases in utility expense and salaries for facilities personnel.

This financial update does not include the capital lease adjustments required by GASB87 which will be reflected in the audited financials at the end of the year.



UCF Athletics Association

The UCF Athletics Association (UCFAA) was organized to operate the university's intercollegiate athletic programs. UCFAA is closely inter-connected with and acts in good faith as "manager" for the UCF Stadium Corporation (UCFSC) and the arena operations of UCF Convocation Corporation (UCFCC).

UCFSC holds debt related to the construction of the university's football stadium. The debt is secured by a pledge of gross football ticket revenues, stadium rent, and a guaranteed royalty payment from UCFAA. Away game guarantees and conference distributions are also pledged but are not reflected in the budget and are not required to be distributed unless they are needed to meet annual debt service obligations. Pledged revenues are anticipated to be sufficient to fund UCFSC's debt service obligations and operating costs for the year. Once the debt service requirements are fulfilled, any unrestricted excess revenues are transferred back to UCFAA who depends on the receipt of these funds to maintain its operations.

Pledged revenue transfers to UCFSC for the nine months ended March 31, 2023, included \$4.6 million of football ticket sales as well as stadium rent and guaranteed royalties totaling \$2.2 million. Excess revenues of \$6.4 million were transferred back to UCFAA. Additionally, the football stadium generated \$3.3 million of premium seating revenues that are only reported on UCFSC's financial statements.

Notable items include:

Higher Education Emergency Relief Funds (HEERF) are significantly less than budgeted. This unfavorable variance will remain at the end of the fiscal year. This is due to the timing of information available when the budget was approved last spring. A total of \$17.0 million has been transferred from the university to UCFAA. Of this amount, \$15.4 million was received late last fiscal year.

Football ticket sales are trending higher than budget and prior year.

Sponsorships revenue is trending higher than prior year. When the Playfly long form contract is signed, we anticipate revenue to match budget. An Accounts Receivable invoice has been sent to Playfly.

Pledges to be used for debt service will be transferred from the UCF Foundation during the fourth quarter. Conference distributions are also expected to be received in the fourth quarter. The receipt of these funds will improve the overall budget deficit.

Advances of future revenues from the Big 12 conference have not been requested per a management decision. This was considered due to cash flow needs during the development of the budget last spring, but such a request has not been necessary.

Employee compensation is trending higher than prior year but less than budget. Salary adjustments in several sports, such as softball and women's basketball have occurred with others in football and volleyball scheduled to occur in the third quarter. The salary pools for assistant coaches per Big 12 standards as well as sport support staff is the driving change.

Sport operations are trending higher than budget and prior year due to bowl game and other post season expenses. Support operations are trending less than budget, but this variance could reverse as the recording of expenses is caught up in the ledgers and year end reconciling transactions are posted.

Scheduled payments for guaranteed royalty and rent to Stadium Corporation have been remitted timely. The favorable variance to prior year is because the guaranteed royalty payment was made ahead of schedule in the prior year.

The retained earnings for liquidity reserve represents \$2.5 million of operating funds that have been set aside in reserves. This account has earned approximately \$80,000 in interest.
UCF Stadium Corporation

UCF Convocation Corporation

UCF Convocation Corporation (UCFCC) operates four student residence halls (Towers Knights Plaza), the convocation center (Addition Financial Arena and The Venue), surrounding retail space (Knights Plaza), and adjacent parking. The corporation's operations are expected to collectively yield sufficient revenues to fund the operational expenses of these facilities, the required debt service obligations related to its housing and arena bonds and fund the repair and replacement (R&R) reserves. The surplus generated from the housing operations was intended to contribute toward funding the arena debt service obligations during the original financing model of the project.

UCFCC's debt is secured by revenues generated from housing towers rent, the 100-day use agreement with the university, and commercial retail rental income. Additionally, with each debt refunding the corporation entered into separate support agreements whereby the university is obligated to the extent that is has legally available revenues to cover any deficiencies.

UCFCC's debt matures on dates that range from October 2026 to October 2035 with semi-annual debt service payments due on October 1st and April 1st. Scheduled debt service payments include principal (\$8.4 million) and interest (\$4.5 million), which will leave a remaining outstanding balance of \$141.5 million for the fiscal year ending June 30, 2023. Debt service payments of \$10.5 million were remitted in October and \$2.5 million remains due in April 2023 and will be presented in the fourth quarter financial update.

The R&R fund was holding a total of \$4.6 million in reserves as of the end of the quarter. Of this amount, \$2.1 million is available for spending and \$2.5 million is held in the trust. The amount held in the trust remains unavailable until the board approves withdrawal or spending. Expenditures through the end of the quarter were just under \$0.2 million versus just under \$0.9 million budgeted for the year. Additional expenditures are anticipated in quarter four and the variance is mostly due to timing.

Funding sources exceeded funding uses for the nine months ended March 31, 2023. This is normal due to the timing of the corporation's cash flows but is amplified by the receipt of \$10.8 million of non-recurring revenue recovery dollars received through an allocation of the university's Higher Education Emergency Relief Funds (HEERF) in the third quarter. The operating reserve generated from these non-recurring funds will be used to support facility projects in the next two fiscal years. The surplus generated by housing and retail operations will contribute toward funding the recurring arena deficit as well as the funding of the arena's R&R reserve and debt service in the fourth quarter.

Housing Operations:

Both housing revenues and expenses are trending favorably with budget and the same period of the prior fiscal year.

Interest earnings have not yet been distributed across university departments and DSOs that held cash in the university's bank account during the third quarter due to the Workday transition. Additional



review of general ledger activity is needed to finalize the allocation. Thus, the allocation of year-to-date interest earnings for housing and arena is anticipated to be recorded later in the year.

For housing debt service payments, the favorable variance over the same period of the prior year is due to debt modifications executed in June 2022. We were successful in refinancing the housing debt by lowering the interest rate. UCFCC will save approximately \$300,000 per year through the remaining life of the debt issuance. The budget reflects information available at the time of budget development.

Student Housing Market Outlook:

Towers spring 2022 occupancy is 5.4% higher than spring 2021 and is currently sitting at 99%. Off campus private student occupancy is at an average of 95.5%.

Overall, the student housing market is strong with private student housing pre-leased for the fall 2023 at 93.1%, with Knights Circle at 100%. Towers pre-lease is at 104% for the fall 2023.

Retail Operations:

Retail revenues continue to trend ahead of budget and prior year, mostly due to 100% occupancy rate during the first three quarters of the fiscal year. We anticipate a slight reduction in this trend towards the end of the fiscal year due to non-renewal of the space occupied by UCF Recreation and Wellness and the Use Agreement with Spin Scooters.

The UCF Athletic Association (UCFAA) and the UCF Real Estate Office have agreed to a lease agreement for the space vacated by Spin Scooters to be utilized as a new ticketing office as part of the transition to the Big XII conference. Both leases with UCFAA and Wesley Foundation will keep the East Plaza Drive retail spaces at 100% occupancy rate. Additionally, the UCF Real Estate Office solicitation is being released through the procurement office to generate leads. There is also a real estate broker engaged in the solicitation process to help bring prospective tenants to Knights Plaza.

Expenses are trending higher due to several HVAC issues in retail spaces that were addressed to remain operational. Many HVAC units are approaching end of life and is part of the replacement plan in the \$10.8 million arena loss revenues funding for repairs and capital renewal.

Arena Operations:

The combined operations of the Arena and Venue through the end of the third quarter realized favorable to budget to actuals results in event revenues, but also increases in event expenses that correlate to the additional income. Through the nine months ending March 2023, there have been 197 events between the two facilities. Third party concert activity account for 45% of year-to-date net event income. Among others, some highlights of third quarter events include the final American Athletic Conference seasons for both the UCF Men's and Women's Basketball teams, the Festival of Laughs Comedy Show, the inaugural match for the Orlando Crusaders indoor soccer team, and the FIRST Robotics Regional Competition.

Concessions, catering, and merchandise income are all pacing ahead of the original budget. Event expenses, primarily tied to event promoter proceeds, are more than budgeted, but are as expected given the additional revenue being generated by concerts, and the related costs in settlement back to organizers in the way of ticket sales or other agreed upon terms. Overhead expenses have seen some savings due to a full-time position that was open during most of the first quarter and the reduction of insurance expenses tied to the university assuming some coverage as property owner.

The arena non-event revenue annual budget includes \$2.2 million of revenue under the 100-day use agreement with the university and \$1.1 million for arena naming rights, premium seating, and sponsorship revenues net of their associated administrative and fulfillment costs. In a special meeting on July 7, 2022, this board approved the premium seating and multimedia rights agreement for arena properties with UCFAA. As a result, the naming rights, premium seating, and sponsorship revenues net of their associated administrative and fulfillment costs will be replaced with an annual guaranteed royalty payment from UCFAA, with 80% due in the third quarter and the remainder due in the fourth quarter. The year-to-date activity includes revenue from the 100-day use agreement with the university, \$1.1 million for arena naming rights and the entire guaranteed royalty payment from UCFAA that were made in the third quarter.

UCF Finance Corporation

Reporting change –This report was reformatted when the fiscal 2022-2023 annual budget was approved to include principal payments as a funding use and to include the full amount of rent received from the university. In previous years, principal was presented below net sources less uses and rent revenue was reduced by the amount used to fund principal on the Burnett loan. This was done to mirror the presentation in the audited financial statements. Additionally, rent revenue was previously adjusted to reflect rent as earned, but is now reported as received. This new format provides the board with a more complete understanding of UCFCC’s sources and uses of funds and more transparency about the timing of cash flows. Prior year amounts have been restated for comparative purposes.

Additionally, the third quarter report format was also updated based on work done by the Workday reporting team and this report was generated from the new Workday ERP system. This is an improvement over the second quarter report that was created manually by the finance team.

Notable items include:

The unfavorable variance between interest earnings and budget is due to the ERP conversion and the combination of entries needed at the university level versus the DSO level. Earnings have not yet been distributed across university departments and DSOs that held cash in the university’s bank account during the third quarter. That is top of mind for the Central Accounting team as we continue with the refining of operating within the new system and having all DSOs now on a single platform. Additional review of general ledger activity is needed to finalize the allocation. Thus, the allocation of year-to-date interest earnings are anticipated to be recorded by the end of the fiscal year.

Funding uses exceeded funding sources for the nine months ended March 31, 2023. This is normal due to the timing of the corporation’s cash flows. UCFCC’s cash reserves were sufficient to fund this spending deficit. Further, the spending deficit will be offset by approximately \$4.0 million of rent to be received from the university in the fourth quarter.

UCF Stadium Corporation

UCF Stadium Corporation (UCFSC) holds debt related to the construction of the university’s football stadium. The debt is secured by a pledge from UCFAA of gross ticket revenues, stadium rent, and a guaranteed royalty payment. Away game guarantees and conference distributions are also pledged but are not reflected in the budget and are not required to be distributed unless they are needed to meet annual debt service obligations. Additionally, there is a support agreement whereby the university will use legally available revenues to fund deficiencies that may arise in the event the corporation is unable to make the minimum bond payments.

Pledged revenues are anticipated to be sufficient to fund UCFCC's debt service obligations and operating costs for the year. Once the debt service requirements are fulfilled, any unrestricted excess revenues are transferred back to UCFAA, who depends on the receipt of these funds to maintain its operations.

The corporation's debt matures on dates that range from March 2029 to March 2036 with semi-annual debt service payments due on September 1st and March 1st. Scheduled debt service payments include principal (\$2.1 million) and interest (\$1.5 million), which will leave a remaining outstanding balance of \$33.9 million for the fiscal year ending June 30, 2023.

Pledged revenue transfers received from UCFAA for the nine months ended March 31, 2023, were \$9.6 million. This includes premium seating revenue, ticket sales, two of three stadium rent installments and guaranteed royalty transfers. The final rent and guaranteed royalty payments are anticipated in the fourth quarter.

The R&R reserve is holding just under \$1.7 million which includes current year deposits of \$250,000. The one item that must be addressed in the third or fourth quarter of the fiscal year are the expenditures from the R&R reserve. There have been no current year expenditures which is consistent with the plan communicated to the board when the budget was approved.

Notable items include:

- The annual budget for operating revenues includes premium seating revenue, concession revenue, merchandise sales, and an allocation of revenues from the university's beverage contract. The year-to-date operating revenue activity includes premium seating and concession revenue with the beverage contract transfer anticipated in the fourth quarter. Premium seating revenue and ticket sales for the nine months ended March 31, 2023 exceeded year over year growth budgeted based on the season ticket renewal data that was available last spring.
- The annual budget for operating expenses includes general and administrative costs and funding transferred to the R&R reserve. For comparative purposes, the prior year amount has been restated to include funding transferred to the R&R reserve and exclude expenditures from the R&R reserve. Expenditures from the R&R reserve are shown in a separate table at the bottom of the report. Operating expenses for the nine months ended March 31, 2023 were trending consistent with budget and favorably year over year primarily due to the absence of rust remediation expenses in the current year and the reduction in budgeted transfers to the R&R reserve.
- The year-to-date budget anticipates three equal installments of stadium rent in the second, third, and fourth quarters. It also reflects 40% of the guaranteed royalty payment in the third quarter with the remainder due in the fourth quarter. The anticipated timing of receipts is based on scheduled payments. However, the timing of actual receipts in prior years has fluctuated based on the cash flow position of UCFAA.
- Debt service payments were adjusted to properly exclude the reversal of fiscal 2021-2022 interest expense accruals. Process changes are being implemented to eliminate the need for such top-side adjustments in the report.

UCF Foundation

The UCF Foundation's principal function is to provide charitable and educational aid to the university. The information provided in the quarterly reports is a reflection of the Foundation's unrestricted activity only and does not include income distribution from endowment or revenue for current operations with donor designations and restrictions.



The information below represents a summarized version of the Foundation’s unrestricted quarterly report for the nine months ending March 31, 2023.

<u>Funding Sources</u>	YTD Actual \$	<u>Funding Uses</u>	YTD Actual \$
<u>Funding from related organizations</u>			
University E&G	10,926,101	<u>Support to university</u>	
<u>Foundation operations</u>		President's allocations	97,546
Endowment assessment	4,125,000	Vice Presidents' allocations	189,872
Non-endowed investment allocation	2,025,000	Other allocations to university	53,332
Current year allocation from buildings	1,000,000	Total Support to university	340,751
Alumni revenue	245,334	<u>Foundation expenses</u>	
Unrestricted gift income	117,493	<u>Salaries and benefits</u>	
Distribution from CAPFA funds	7,843,161	Development	4,291,065
Athletics Line of Credit Interest	202,500	Administration	4,701,450
Total Funding from foundation operations	15,558,488	Alumni Relations	1,809,092
		Total Salaries and Benefits	10,801,607
Total Funding Sources	26,484,589	<u>Other operating</u>	
		Development	616,710
		Administration	2,250,139
		Alumni Relations	854,680
		Total Other operating	3,721,529
		Total Foundation expenses	14,523,135
		Total Funding Uses	14,863,886
		Sources Less Uses	11,620,703

Funding Sources - For the first nine months of fiscal year 2023, the Foundation reported total funding sources of approximately \$26.5M compared to a budget of \$24.1M for the same period and \$19.2M in the first nine months of the prior fiscal year. The increase in total funding sources relates primarily to the Foundation’s operating revenues, reflecting a one-time COVID release from the CAPFA financing of approximately \$7.8M.

Funding Uses - For the first nine months of fiscal year 2023, the Foundation reported total funding uses of approximately \$14.9M compared to a budget of \$18.9M for the same period and \$12.7M in the first nine months of the prior year. The decrease in uses compared to budget primarily relates to a reduction in salary related expenses from unfilled positions. The Foundation currently has 39 open positions across three departments comprised of the following: 10 in Development; 26 in Administration; 3 in Alumni Relations.

Debt Service Summary – The Foundation has approximately \$61.5M in debt principal outstanding as of March 31, 2023. All debt is building related debt and is collateralized by those same buildings. Current year debt service for fiscal year 2023 is approximately \$4.4M (\$4M principal and \$444K in interest). The Foundation will make all required debt payments during fiscal year 2023 as they become due in accordance with the terms of each instrument. There have been no recent changes to the Foundation’s debt or scheduled debt repayment terms.

Additional Information - Through the first nine months of fiscal year 2023, the university and related

organizations have utilized approximately \$15.7 million of Foundation gifts in support of programs, scholarships, and other university priorities.

UCF Limbitless Solutions

Limbitless Solutions Inc. (LSI) researches and manufactures assistive disability technology with a focus on educational enrichment through K-12 STEAM engagements and a collegiate student scholar program designed to provide students with real-world experience.

LSI management assigns quarterly budget amounts based on best estimates for when revenues and expenses will accrue. Revenues from grants, speaking engagements, and educational workshops are expected to be received later in the fiscal year.

Spending for materials and medical research study were less than anticipated due to new clinical trials not beginning in the third quarter. A focus on purchasing equipment, furniture, and wall graphics for the new lab space resulted in increased spending for promotional advertising and office supplies. When developing the budget, LSI management anticipated being moved out of Knights Plaza lease sooner, thus resulting in increased spending for rent and utilities in the first quarter. The current lease arrangement in the Research Park lease does not include costs associated with utilities and so we expect the negative variances to continue for the remainder of fiscal year 2023. Insurance premiums increased for the new lab space due to the additional coverage of a larger space.

The lease improvement project has concluded with no changes needed to the original budgeted amounts. LSI received donations to cover the costs of the renovations and is waiting on one additional donation to recover additional costs related to the HVAC system.

UCF Research Foundation

The Research Foundation (UCFRF) promotes and supports the research activities of faculty, staff, and students. Its operating revenue and expenses include contracts, grants, royalties, contributions, rents, conferences, unit residuals, and consortiums.

UCFRF is recognizing an overall 11% net increase from fiscal 2023 third quarter approved budget compared to actuals due to continued funding of monies related to contributions and other agreements exceeding expectations. While an overall 76% net decrease from fiscal 2022 third quarter actuals is due receipt and subsequent completion of a sizable one-time contract and grant. Overall, the Research Foundation is experiencing numbers that are trending in line with both budgeted and prior year actuals.

Total funding sources include all awarded monies regardless of applicable restrictions as UCFRF's revenue is recognized only to the extent expenses are incurred in executing the applicable contracts and grants or when an enforceable promise is made. Due to this method of recognition, the presentation within may result in budget surpassing revenue while conversely resulting in a budget deficit to expenses or the reverse. This leads to the appearance of favorable or unfavorable positions per line item of budget to actual that do not reflect the factual activity, however the overall net impact is favorable since additional awards and funding dollars are continuously being received.

Contracts and Grants expenditures show notable decreases over actuals from fiscal 2022 third quarter due to receipt and subsequent completion of a one-time grant received from the Corporation for Public Broadcasting under the American Rescue Act Stabilization Grants.

Contributions and Other Agreements expenditures show notable increases over both budget from fiscal 2023 third quarter and actuals from fiscal 2022 third quarter due to continued funding from Adobe and Google to support College of Engineering & Computer Science.

Other operating expenses notable increase from fiscal 2022 second quarter actuals is due to the hiring of a Contract Officer II and a Post Award Specialist in fiscal 2022 fourth quarter based upon budgeted award growth year over year.

Finally, the fiscal 2023 budget represents the 2024 Gap Fund Award Year which is expected to be distributed fiscal 2023 fourth quarter.

Central Florida Clinical Practice Organization

The Central Florida Clinical Practice Organization (CFCPO) is an affiliated organization formed to support the medical education program and clinical faculty within the College of Medicine. The primary mission of the CFCPO is to provide administrative services for the University of Central Florida College of Medicine's (College of Medicine) clinical mission, that includes UCF Health, the faculty practice of the College, and HealthARCH, a healthcare consulting unit. As part of the administrative services, the CFCPO performs the billing and collection of professional fees associated with the practice of medicine, the advisory fees for services provided by HealthARCH, and directly pays the associated operating expenses for those services. The CFCPO operating statement also includes UCF Clinical LLC, a subsidiary and disregarded entity of the CFCPO, which contracts with a professional employment organization to provide staffing for UCF Health and HealthARCH. UCF Clinical began operations in January 2022.

For the six months ended March 31, 2023, CFCPO's year-to-date revenue of \$5.7M is below budget by \$1.9M. This is primarily due to the departure of three providers and delays in new physician recruitment which is currently in progress. In addition, the Infusion Center revenue is lower than budget due to lower patient volume than originally projected. The Infusion Center continues to grow and accounts for much of the increase over prior year.

Year-to-date expenses are below budget creating a favorable variance of \$4.1M that offsets the unfavorable revenue variance by \$2M. Professional Services expense is lower due to vacant staff positions contracted through a professional employer organization. Lower Medical Supplies expense is due to lower-than-expected patient volume in the Infusion Center. Finally, transfers to the College of Medicine are below budget by \$3.1M. This is due to delays in the buildout of the cancer research floor at the Lake Nona Cancer Center and in the new physician recruitment slated for FY23.

Year-to-date expenses compared to prior year are higher by \$3.4M. This is due to the transition of UCF Health and HealthARCH staff to the professional employment organization. These expenses are not new in FY23; rather they were moved from the College of Medicine to UCF Clinical. Medical Expense is also higher in FY23 due to the increase in pharmaceuticals used in the Infusion Center. The Infusion Center was in its first year of operations in FY22 and has been steadily growing in patient volume

Recommended Action:

For information only.

Alternatives to Decision:



N/A

Fiscal Impact and Source of Funding:

N/A

Authority for Board of Trustees Action:

Specific trustee request.

Contract Reviewed/Approved by General Counsel N/A

Committee Chair or Chair of the Board has approved adding this item to the agenda

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

- Attachment A: UCF Academic Health
- Attachment B: UCF Athletics Association
- Attachment C: UCF Convocation Corporation
- Attachment D: UCF Finance Corporation
- Attachment E: UCF Foundation
- Attachment F: UCF Limbitless Solutions
- Attachment G: UCF Research Foundation
- Attachment H: UCF Stadium Corporation
- Attachment I: Central Florida Clinical Practice Organization

Facilitators/Presenters:

- Gerald Hector
- Christina Tant, Assistant Vice President for DSO Accounting and Reporting

Attachment A

**UCF Academic Health, Inc.
FY23 Quarterly Financial Update
As of March 31, 2023**

	2022-23	2022-23	2022-23	Bud vs Act	2021-22	Act vs Prior
	ANNUAL	YEAR TO DATE	YEAR TO DATE	Fav/(Unfav)	YEAR TO DATE	Fav/(Unfav)
	BUDGET	BUDGET	ACTUALS	Variance	ACTUALS	Variance
<u>Funding Sources</u>	\$	\$	\$	\$	\$	\$
Commercial Lease Revenue ¹	2,725,029	1,918,349	1,950,039	31,690	1,973,115	(23,077)
Total Funding Sources	2,725,029	1,918,349	1,950,039	31,690	1,973,115	(23,077)
<u>Funding Uses</u>						
Professional Services	17,500	13,125	23,116	(9,991)	19,244	(3,873)
Facility Expense ²	2,518,501	1,879,287	1,902,942	(23,655)	1,819,896	(83,047)
Information Technology	7,916	5,937	7,782	(1,845)	5,250	(2,532)
Other Expense ³	181,112	20,000	16,198	3,802	128,726	112,528
						-
Total Funding Uses	2,725,029	1,918,349	1,950,039	(31,689)	1,973,115	23,077
Sources Less Uses	-	-	-	-	-	-

¹UCF Academic Health, Inc. (UCFAH) receives lease revenue from arrangements with clinical tenants in the UCF Lake Nona Cancer Center (LNCC). FY23 reflects the addition of a new short-term tenant as of September 2022 that was not included in the budget creating a favorable variance over budget. The prior year is showing higher Lease Revenue due to a change in the recording of sales tax in FY23 which is now being recorded on the balance sheet as a pass-through transaction. This financial update does not include the capital lease adjustments required by GASB87 which will be reflected in the audited financials at the end of the year.

²Facility Expense equals the fixed rent payment to UCF for the first three quarters and accrued CAM that is expected to be paid in the fourth quarter. Due to higher building operations expense, it is expected that all proceeds net of expenses will be paid as CAM. Facility expense is higher than budget due to increased revenue which provides additional funds for the CAM payment.

³Other Expense is comparable to budget for FY23. Prior year is higher due to the change in the recording of sales tax in FY23 which is now being recorded on the balance sheet as a pass-through transaction.

Attachment B

UCF Athletics Association FY23 Quarterly Financial Update As of March 31, 2023

	2022-23	2022-23	2022-23			2021-22	2021-22		
	ANNUAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUALS	YTD Fav/(Unfav) Variance	%	ANNUAL BUDGET	YEAR TO DATE ACTUALS	YOY Fav/(Unfav) Variance	%
Funding Sources	\$	\$	\$	\$	%	\$	\$	\$	%
Student athletic fees	23,200,964	19,357,159	18,786,538	(570,621)	-2.9%	25,104,281	19,377,189	(590,651)	-3.0%
Higher education emergency relief fund (Heerf)	12,000,000	12,000,000	1,644,457	(10,355,543)	-86.3%	-	-	1,644,457	100.0%
Ticket sales and ticket related transactions ²	12,138,189	12,000,000	12,474,495	474,495	4.0%	11,089,731	10,330,313	2,144,182	20.8%
Philanthropic Donations for Operating	1,549,000	1,161,750	536,332	(625,418)	-53.8%	589,045	909,223	(372,891)	-41.0%
Game Guarantees Received	401,000	401,000	314,350	(86,650)	-21.6%	333,000	364,725	(50,375)	-13.8%
Sponsorships	10,375,000	10,375,000	8,442,762	(1,932,238)	-18.6%	8,025,000	6,716,599	1,726,163	25.7%
Pledges to be used for debt service	2,955,650	-	-	-	0.0%	2,874,000	2,113,142	(2,113,142)	-100.0%
NCAA/ conference distributions	8,676,161	-	75,273	75,273	100.0%	8,329,318	580,206	(504,933)	-87.0%
Other athletic revenues	1,690,139	1,267,604	2,541,614	1,274,010	100.5%	2,171,659	820,173	1,721,441	209.9%
Scholarship support from university	9,463,000	8,345,809	9,867,385	1,521,576	18.2%	10,263,000	8,180,389	1,686,996	20.6%
Advance of future revenues Big 12	5,000,000	5,000,000	-	(5,000,000)	-100.0%	-	-	-	0.0%
Revenue received from Stadium Corp Transfer ^{1,2}	4,012,963	1,923,473	1,815,243	(108,230)	-5.6%	3,650,563	2,814,584	(999,341)	-35.5%
Total Funding Sources	91,462,066	71,831,796	56,498,449	(15,333,347)	-21.3%	72,429,597	52,206,543	4,291,906	8.2%
Funding Uses									
Scholarships	10,217,157	8,786,885	10,362,032	(1,575,147)	-17.9%	10,822,154	9,359,614	(1,002,418)	-10.7%
Employee compensation	29,859,468	24,539,065	22,418,269	2,120,796	8.6%	27,891,255	19,798,360	(2,619,909)	-13.2%
Sport operations	10,644,818	9,279,071	10,378,845	(1,099,774)	-11.9%	10,507,790	9,159,624	(1,219,221)	-13.3%
Support operations	15,468,823	11,601,617	13,523,254	(1,921,637)	-16.6%	13,580,241	8,984,232	(4,539,022)	-50.5%
Non-recurring operations	1,828,825	1,371,619	1,565,411	(193,792)	-14.1%	1,719,301	1,370,012	(195,999)	-14.3%
AAC Exit Fees Anticipated	5,000,000	2,500,000	2,500,000	-	0.0%	-	2,544,988	44,988	1.8%
Guaranteed Royalty and Rent to Stadium Corp ¹	4,071,000	2,194,000	2,194,000	-	0.0%	4,021,000	3,314,000	1,120,000	33.8%
Retained Earnings for Liquidity (Reserve)	2,500,000	2,500,000	2,500,000	-	0.0%	-	-	(2,500,000)	-100.0%
Total Funding Uses	79,590,091	62,772,257	65,441,811	(2,669,554)	-4.3%	68,541,741	54,530,830	(10,910,981)	-20.0%
Non-operating Sources/ (Uses)									
Restricted accounts capital donations	-	-	5,435	5,435	100.0%	1,018,812	2,762,794	(2,757,359)	-99.8%
Restricted accounts outlay	-	-	(1,184,229)	(1,184,229)	100.0%	(819,812)	(509,706)	(674,523)	-132.3%
Capital projects outlay	-	-	(239,368)	(239,368)	0.0%	(1,960,048)	(1,695,781)	1,456,413	-85.9%
Interest income	-	-	170,067	170,067	100.0%	-	-	170,067	100.0%
Interest expense	(730,116)	(416,297)	(397,793)	18,504	-4.4%	(376,860)	(371,876)	(25,917)	-7.0%
Principal	(3,652,811)	(2,939,000)	(2,939,000)	-	0.0%	(2,307,000)	(2,307,000)	(632,000)	-27.4%
Total Non-operating Sources/ (Uses)	(4,382,927)	(3,355,297)	(4,584,888)	(1,229,591)	36.6%	(4,444,908)	(2,121,569)	(2,463,319)	116.1%
Sources Less Uses	7,489,048	5,704,242	(13,528,250)	(19,232,492)	-337.2%	(557,052)	(4,445,856)	(9,082,394)	-204.3%

¹ The quarterly report has been reformatted to present the release of unrestricted surplus from UCF Stadium Corp as a funding source and the guaranteed royalty and stadium rent payments to UCF Stadium Corporation as a funding use. The 2021-22 budget and actuals have been restated from the previous format for comparative purposes. These amounts were previously distributed in other rows of the Association's budget. Pledged ticket sale revenue transferred to UCF Stadium Corporation and returned to the Association remains classified as ticket sales in this report. This new presentation agrees to figures presented to the UCF Stadium Corporation board and is intended to improve transparency.

² Ticket sales and ticket related transactions revenue exclude \$2.8 million of premium seating revenues recorded only on Stadium Corporation's financials. Net revenue received from Stadium Corp Transfer is comprised of the following:

Ticket Sales transferred to Stadium Corporation	(4,593,103)
Excess revenues returned to the Association	6,408,346
Net transfers in (out)	<u>1,815,243</u>

Debt Service Summary

	Year to Date Debt Service Summary			
	Principal	Interest	Total	Outstanding Principal as of 3/31/23
Fifth Third - Line of Credit	320,000	138,877	458,877	4,455,000
Regions - Construction Note (Roth Athletic Center)	2,619,000	81,650	2,700,650	2,773,000
UCF Foundation - Line of Credit	-	202,500	202,500	9,000,000
UCF - Loan	-	62,939	62,939	5,447,178
Total Debt Service	2,939,000	485,966	3,424,966	21,675,178

Attachment C

UCF Convocation Corporation, Inc.
FY23 Quarterly Financial Update
As of March 31, 2023

	2022-23 ANNUAL BUDGET	2022-23 YEAR TO DATE BUDGET	2022-23 YEAR TO DATE ACTUALS	YTD Fav/(Unfav) Variance	2021-22 YEAR TO DATE ACTUALS	YOY Fav/(Unfav) Variance
<u>Housing Operations</u>						
	\$	\$	\$	\$	\$	\$
Operating Revenues	18,724,307	16,400,000	16,728,529	328,529	16,555,336	173,193
Operating Expenses	5,402,412	4,051,809	3,789,011	262,798	4,151,063	362,052
	13,321,895	12,348,191	12,939,518	591,327	12,404,273	535,245
<u>Non-Operating Revenue/(Expenses):</u>						
Interest Earnings	165,000	123,750	453	(123,297)	243,995	(243,542)
Housing debt service ¹	(8,036,384)	(5,703,118)	(5,703,118)	-	(6,529,840)	826,722
Housing R&R reserve contributions ¹	(500,000)	(500,000)	(554,583)	(54,583)	(467,782)	(86,801)
Total Non-Operating Revenue/Expenses	(8,371,384)	(6,079,368)	(6,257,248)	(177,880)	(6,753,627)	496,379
Housing Operations Surplus/(Deficit)	4,950,511	6,268,823	6,682,270	413,447	5,650,646	1,031,624
<u>Retail Operations</u>						
Total Retail Revenues	1,928,595	1,446,446	1,518,572	72,126	1,385,066	133,506
Total Operating Expenses	321,796	241,347	394,719	(153,372)	126,909	(267,810)
Retail Operations Surplus/(Deficit)	1,606,799	1,205,099	1,123,854	(81,246)	1,258,157	(134,303)
<u>Arena Operations</u>						
Event Revenue	9,083,524	5,236,585	5,809,482	572,897	5,759,019	50,463
Non-event Revenue	3,287,050	3,127,789	4,365,000	1,237,211	3,787,387	577,613
Event Expenses	10,107,426	5,683,424	5,968,640	(285,216)	6,286,225	317,585
Non-event Expenses	1,228,103	921,833	1,012,187	(90,354)	530,787	(481,400)
	1,035,045	1,759,117	3,193,655	1,434,538	2,729,394	464,261
<u>Nonoperating Revenues/(Expenses)</u>						
Interest Earnings	10,000	7,500	153	(7,347)	8,648	(8,495)
Transfers from UCF	-	-	10,838,283	10,838,283	-	(10,838,283)
Transfers to UCF	(500,000)	-	-	-	-	-
Arena debt service ¹	(6,016,163)	(4,779,402)	(4,779,402)	-	(4,714,841)	(64,561)
Arena R&R reserve contributions ¹	(500,000)	(500,000)	-	500,000	-	-
Total Nonoperating Revenues/(Loss)	(7,006,163)	(5,271,902)	6,059,034	11,330,936	(4,706,193)	(10,911,339)
Arena Operations Surplus/(Deficit)	(5,971,118)	(3,512,785)	9,252,689	12,765,474	(1,976,799)	(10,447,078)
Total Project Surplus/(Deficit)	586,192	3,961,137	17,058,813	13,097,676	4,932,004	(9,549,757)

¹ The quarterly report has been reformatted to include debt service payments and R&R reserve funding as funding uses. In previous years, these items were presented below net project surplus/(deficit). Prior year columns have been restated for comparative purposes. The revised format provides the board with a more complete understanding of the Corporation's sources and uses of funds.

	Year to Date Debt Service Summary			
	Principal	Interest	Total	Outstanding Principal as of 3/31/23
Housing debt service	4,895,000	808,118	5,703,118	81,075,000
Arena debt service	3,480,000	1,299,402	4,779,402	60,430,000
Total Debt Service	8,375,000	2,107,520	10,482,520	141,505,000

	R&R Reserve Available for Use				R&R Reserve Held at Trustee ¹			
	As of 7/1/22	Transfers from Trust	YTD Expenditures	As of 3/31/23	As of 7/1/22	YTD Funding	YTD Transfers to Corporation	As of 3/31/23
Housing	577,173	345,000	(69,599)	852,574	2,303,270	500,000	(345,000)	2,458,270
Arena	1,032,870	-	(99,119)	933,751	-	-	-	-
Parking	280,700	50,000	2,775	333,475	24,088	54,584	(50,000)	28,672
Total R&R Reserve Activity	1,890,743	395,000	(165,943)	2,119,800	2,327,358	554,584	(395,000)	2,486,942

¹ Balance held in trust includes current year funding contributions, but remains unavailable until board approves withdrawal.

Attachment D

UCF Finance Corporation - Statement of Operations for Quarter Ending March 31, 2023

UCF FNC Quarterly Report (Working Draft)

Period	FY 2023 - 09 - Mar					
	Current Year: Approved Budget	Current Year: Period YTD Budget	Current Year: Period YTD Actuals	YTD Fav/(Unfav) Variance	Prior Year: Period YTD Actuals	YOY \$ Fav/(Unfav) Variance
Funding Sources						
Transfers from University ¹	3,950,128	2,962,593	-	(2,962,593)	-	-
Transfers from Foundation - Downtown Pledges	-	-	-	-	1,592,194	(1,592,194)
Interest and Other	60,000	45,000	32	(44,968)	83,536	(83,504)
Total Funding Sources	4,010,128	3,007,593	32	(3,007,561)	1,675,730	(1,675,698)
Funding Uses						
Principal - Burnett Biomedical Sciences Building	2,750,000	2,750,000	2,750,000	-	2,684,000	(66,000)
Interest - Burnett Biomedical Sciences Building	1,238,928	1,238,928	1,238,928	-	1,304,136	65,208
Principal - UCF downtown construction note	-	-	-	-	1,592,194	1,592,194
Interest - UCF downtown construction note	-	-	-	-	5,684	5,684
Operating Expenses	21,200	18,000	19,151	(1,151)	19,017	(134)
Total Funding Uses	4,010,128	4,006,928	4,008,079	(1,151)	5,605,031	1,596,952
Sources Less Uses	-	(999,335)	(4,008,047)	(3,008,712)	-	(78,746)

¹ Transfers from the university is scheduled for quarter four of fiscal year 2023 to pre-fund debt service requirements for payments due July 1st 2023. Current year payments are being paid from reserves held in the shared account on behalf of the corporation.

Attachment E

University of Central Florida Foundation, Inc.
FY23 Quarterly Financial Update
As of March 31, 2023

	2022-23	2022-23	2022-23	FYTD	2021-22	YOY
	ANNUAL	YEAR TO DATE	YEAR TO DATE	Fav/(Unfav)	YEAR TO DATE	Fav/(Unfav)
	BUDGET	BUDGET	ACTUALS	Variance	ACTUALS	Variance
	\$	\$	\$	\$	\$	\$
<u>Funding Sources</u>						
<u>Funding from related organizations</u>						
<u>University funding</u>						
Univ - E&G	10,520,000	11,319,142	10,926,101	(393,041)	8,151,734	2,774,367
Univ - Auxiliary	257,187	-	-	-	-	-
Univ - Other	541,955	-	-	-	-	-
Total Funding from related organizations	11,319,142	11,319,142	10,926,101	(393,041)	8,151,734	2,774,367
<u>Foundation operations</u>						
Endowment assessment	5,500,000	4,125,000	4,125,000	-	3,270,124	854,876
Non-endowed investment allocation	2,700,000	2,025,000	2,025,000	-	(1,151,612)	3,176,612
Current year allocation from buildings	1,300,000	975,000	1,000,000	25,000	1,500,000	(500,000)
Alumni revenue	423,500	317,625	245,334	(72,291)	217,247	28,087
Unrestricted gift income	200,000	150,000	117,493	(32,507)	219,425	(101,932)
Distribution from CAPFA funds	6,800,000	5,100,000	7,843,161	2,743,161	6,801,558	1,041,603
Athletics Line of Credit Interest	90,000	67,500	202,500	135,000	177,500	25,000
Total Funding from foundation operations	17,013,500	12,760,125	15,558,488	2,798,363	11,034,242	4,524,246
Total Funding Sources	28,332,642	24,079,267	26,484,589	2,405,322	19,185,976	7,298,613
<u>Funding Uses</u>						
<u>Support to university</u>						
President's allocations	545,581	409,186	97,546	311,639	79,420	(18,126)
Vice Presidents' allocations	328,644	246,483	189,872	56,611	258,779	68,907
Other allocations to university	224,564	168,423	53,332	115,091	124,099	70,767
Total Support to university	1,098,789	824,092	340,751	483,341	462,298	121,547
<u>Foundation expenses</u>						
<u>Salaries and benefits</u>						
Development	7,647,376	5,735,532	4,291,065	1,444,467	3,716,896	(574,169)
Administration	7,812,590	5,859,443	4,701,450	1,157,993	4,080,744	(620,706)
Alumni Relations	2,378,983	1,784,237	1,809,092	(24,854)	1,453,319	(355,773)
Total Salaries and Benefits	17,838,950	13,379,213	10,801,607	2,577,606	9,250,959	(1,550,648)
<u>Other operating</u>						
Development	844,061	633,046	616,710	16,336	349,445	(267,265)
Administration	3,887,929	2,915,947	2,250,139	665,808	1,910,645	(339,494)
Alumni Relations	1,564,636	1,173,477	854,680	318,797	762,563	(92,117)
Total Other operating	6,296,626	4,722,470	3,721,529	1,000,941	3,022,653	(698,876)
Total Foundation expenses	24,135,576	18,101,682	14,523,135	3,578,547	12,273,612	(2,249,523)
Total Funding Uses	25,234,365	18,925,774	14,863,886	4,061,888	12,735,910	(2,127,976)
Sources Less Uses	3,098,277	5,153,493	11,620,703	6,467,210	6,450,066	5,170,637

Debt Service Summary

	Year to Date Debt Service Summary			
	Principal	Interest	Total	Outstanding Principal as of 03/31/23
Research Pavillion, IST, Orlando Tech Center	1,628,000	142,014	1,770,014	5,128,000
University Tower and Biomolecular Research Annex	614,000	158,883	772,883	4,734,000
Lake Nona Cancer Center	1,500,000	-	1,500,000	46,500,000
Digital Learning Building	258,000	143,532	401,532	5,179,000
Total Debt Service	4,000,000	444,429	4,444,429	61,541,000

UCF Foundation

The UCF Foundation's principal function is to provide charitable and educational aid to the university. The information provided in the quarterly reports is a reflection of the Foundation's unrestricted activity only and does not include income distribution from endowment or revenue for current operations with donor designations and restrictions.

The increase in total funding sources relates to the Foundation's operating revenues, reflecting a one time COVID release from the CAPFA financing. The uses reflect a reduction in salary related expenses from unfilled positions.

The University has utilized \$7.3 million of Foundation gifts in support of programs, scholarships, and other university priorities.

Attachment F

Limbitless Solutions, Inc.
FY23 Quarterly Financial Update
As of March 31, 2023

	2022-23	2022-23	2022-23	YTD \$ Fav/(Unfav)	2021-2022	YOY % Fav/(Unfav)
	Annual Budget	YTD Budget	CY Actuals	Variance	PY Actuals	Variance
Funding Sources						
Salary Support	750,000	562,500	605,403	42,903	593,447	11,956
Donations	500,000	375,000	149,870	(225,130)	370,628	(220,758)
Sponsorships	50,000	37,500	35,000	(2,500)	72,273	(37,273)
Grants	50,000	37,500	-	(37,500)	-	-
Speaking Engagements	10,000	7,500	540	(6,960)	-	540
Miscellaneous	7,500	5,625	-	(5,625)	5,801	(5,801)
Total Funding Sources	1,367,500	1,025,625	790,813	(234,812)	1,042,149	(251,337)
Funding Uses						
Administrative Salary Expense	750,000	562,500	501,452	61,048	502,007	(555)
Student Salary Expense	50,000	37,500	103,951	(66,451)	43,744	60,207
Scholars Program	20,000	15,000	12,400	2,600	7,600	4,800
Materials	77,500	58,125	23,289	34,836	39,973	(16,684)
Medical Research Study	125,000	93,750	2,996	90,754	4,946	(1,950)
Office Supplies	20,000	15,000	38,870	(23,870)	24,363	14,507
Travel	7,500	5,625	20,774	(15,149)	1,882	18,892
Rent	53,289	39,967	39,217	750	48,414	(9,197)
Utilities	30,000	22,500	-	22,500	1,907	(1,907)
Audit and Professional Services	30,400	22,800	55,825	(33,025)	30,198	25,627
Transfer to UCF for Student Success	35,000	26,250	-	26,250	35,000	(35,000)
Miscellaneous	12,500	9,375	5,904	3,471	4,623	1,281
Total Funding Uses	1,211,189	908,392	804,678	103,713	744,657	60,021
Total Surplus/(Deficit)	156,311	117,233	(13,866)	(338,526)	297,492	(311,358)

Attachment G

UCF Research Foundation, Inc.
FY23 Quarterly Financial Update
As of March 31, 2023

	2022-23	2022-23	2022-23		2021-22	
	ANNUAL	YEAR TO	YEAR TO	YOY	YEAR TO	YOY
	BUDGET	DATE BUDGET	DATE ACTUALS	Fav/(Unfav) Variance	DATE ACTUALS	Fav/(Unfav) Variance
<u>Funding Sources</u>	\$	\$	\$	\$	\$	\$
Royalties and licensing fees	1,160,000	630,000	636,959	6,959	715,086	(78,127)
Contracts and grants ²	13,500,000	8,300,000	8,228,484	(71,516)	8,699,366	(470,882)
Contribution and other agreements income ³	2,100,000	1,850,000	2,174,875	324,875	1,553,771	621,104
Conferences and workshops	195,000	150,000	102,880	(47,120)	146,006	(43,126)
Incubator Rents	390,000	275,000	248,717	(26,283)	284,218	(35,501)
Management fees and F&A	1,500,000	1,000,000	972,391	(27,609)	925,553	46,838
Total Funding Sources¹	18,845,000	12,205,000	12,364,306	159,306	12,324,000	40,306
<u>Funding Uses</u>						
Royalties and licensing allocations and expense	870,000	472,500	477,719	(5,219)	504,050	26,331
Contracts and grants expense ²	13,500,000	8,300,000	8,228,484	71,516	8,699,399	470,915
Contribution and other agreements expense ³	2,100,000	1,850,000	2,174,875	(324,875)	1,553,771	(621,104)
Conferences and workshops	195,000	150,000	131,821	18,179	147,838	16,017
Incubator Rents	390,000	275,000	288,778	(13,778)	288,780	2
Other operating expenses ⁴	1,500,000	1,075,000	969,917	105,083	712,051	(257,866)
Gap Fund ⁵	250,000	-	-	-	21,879	21,879
Total Funding Uses	18,805,000	12,122,500	12,271,594	(149,094)	11,927,768	(343,826)
Sources Less Uses	40,000	82,500	92,712	10,212	396,232	(303,520)

¹ Total funding sources include all awarded monies regardless of applicable restrictions as UCFRF's revenue is recognized only to the extent expenses are incurred in executing the applicable contracts and grants or when an enforceable promise is made. Due to this method of recognition, the presentation within may result in budget surpassing revenue while conversely resulting in a budget deficit to expenses or the reverse. This leads to the appearance of favorable or unfavorable positions per line item of budget to actual that do not reflect the factual activity, however the overall net impact is favorable since additional awards and funding dollars are continuously being received.

² Contracts and Grants expenditures show notable decreases over actuals from fiscal 2022 third quarter due to receipt and subsequent completion of a one-time grant received from the Corporation for Public Broadcasting under the American Rescue Act Stabilization Grants.

³ Contributions and Other Agreements expenditures show notable increases over both budget from fiscal 2023 third quarter and actuals from fiscal 2022 third quarter due to continued funding from Adobe and Google to support College of Engineering & Computer Science.

⁴ Other operating expenses notable increase from fiscal 2022 second quarter actuals is due to the hiring of a Contract Officer II and a Post Award Specialist in fiscal 2022 fourth quarter based upon budgeted award growth year over year.

⁵ The fiscal 2023 budget represents the 2024 Gap Fund Award Year which is expected to be distributed fiscal 2023 fourth quarter.

Attachment H

UCF Stadium Corporation, Inc.
FY23 Quarterly Financial Update
As of March 31, 2023

	2022-23	2022-23	2022-23	YTD	2021-22	YOY
	ANNUAL	YEAR TO	YEAR TO	Fav/(Unfav)	YEAR TO	Fav/(Unfav)
	BUDGET	DATE	DATE	Variance	DATE	Variance
		BUDGET	ACTUALS		ACTUALS	
<u>Funding Sources</u>						
	\$	\$	\$	\$	\$	\$
Operating revenue	3,562,000	3,332,000	3,506,797	174,797	3,132,578	374,219
Insurance proceeds for loss damage	-	-	-	-	272,033	(272,033)
High School Graduation Revenues	-	-	-	-	-	-
Total Funding Sources	3,562,000	3,332,000	3,506,797	174,797	3,404,611	102,186
<u>Funding Uses</u>						
Operating expenses ¹	305,000	291,247	279,170	12,077	675,421	396,251
Use of insurance proceeds	-	-	-	-	297,033	297,033
Total Funding Uses	305,000	291,247	279,170	12,077	972,454	693,284
<u>Non-operating Sources/ (Uses)</u>						
Ticket sales	4,345,000	4,345,000	4,593,103	248,103	4,213,735	379,368
Stadium rent	2,121,000	1,414,000	1,414,000	-	1,414,000	-
Guaranteed royalty	1,950,000	780,000	780,000	-	1,900,000	(1,120,000)
Transfers to UCFAA	(8,357,963)	(6,268,473)	(6,408,346)	(139,873)	(7,028,319)	619,973
Interest income	55,000	41,247	70,452	29,205	80,032	(9,580)
Debt service	(3,625,037)	(3,625,037)	(3,625,037)	0	(3,626,778)	1,741
Pledges for taxable debt issue	-	-	-	-	-	-
Pledges for Leadership Center	255,000	-	254,196	254,196	253,000	1,196
Total Non-operating Sources/ (Uses)	(3,257,000)	(3,313,263)	(2,921,631)	391,632	(2,794,330)	(127,301)
Sources Less Uses	-	(272,510)	305,996	578,506	(362,173)	668,169

¹ Operating expenses include general and administrative costs and funding transferred to the R&R reserve. For comparative purposes, the prior year amount has been restated to include funding transferred to the R&R reserve and exclude expenditures from the R&R reserve. Expenditures from the R&R reserve are shown in a separate table at the bottom of the report.

Debt Service Summary

	Year to Date Debt Service Summary			
	Principal	Interest	Total	Outstanding Principal as of 3/31/23
Tax-exempt bonds	1,420,000	1,099,169	2,519,169	25,245,000
Taxable bonds	405,000	370,235	775,235	7,305,000
Leadership Center	289,000	41,633	330,633	1,383,000
Total Debt Service	2,114,000	1,511,037	3,625,037	33,933,000

R&R Reserve Summary

	R&R Reserve Summary			
	As of 7/1/22	YTD Funding	YTD Expenditures	As of 3/31/23
Non-recurring maintenance (R&R) Expenses	1,442,634	250,000	-	1,692,634
Rust remediation	-	-	-	-
Total R&R Reserve Activity	1,442,634	250,000	-	1,692,634

Attachment I

Central Florida Clinical Practice Organization, Inc. FY23 Quarterly Financial Update As of March 31, 2023

	2022-23	2022-23	2022-23	YOY	2021-22	YOY
	ANNUAL	YEAR TO	YEAR TO	Fav/(Unfav)	YEAR TO	Fav/(Unfav)
	BUDGET	DATE BUDGET	DATE ACTUALS	Variance	DATE ACTUALS	Variance
<u>Funding Sources</u>						
Patient Care ¹	\$ 10,972,797	\$ 7,656,420	\$ 5,747,368	(1,909,052)	\$ 5,082,136	\$ 665,231
Other ²	1,417,832	1,158,560	946,082	(212,478)	467,997	478,086
Total Funding Sources	12,390,629	8,814,980	6,693,450	(2,121,530)	5,550,133	1,143,317
<u>Funding Uses</u>						
Professional Services ³	4,980,356	3,726,174	3,315,328	410,846	1,028,419	(2,286,909)
Medical Supplies, Services & Equipment ⁴	4,188,209	2,885,317	2,450,490	434,827	1,420,477	(1,030,013)
Facility Expense	225,397	168,547	95,152	73,395	370,378	275,226
Information Technology	408,118	306,520	256,330	50,190	254,701	(1,629)
Other Expense	116,417	84,127	87,247	(3,120)	71,567	(15,680)
Transfers to the College of Medicine ⁵	4,630,366	3,601,931	455,290	3,146,641	140,671	(314,619)
Total Funding Uses	14,548,863	10,772,616	6,659,837	4,112,779	3,286,213	(3,373,624)
Sources Less Uses	(2,158,235)	(1,957,636)	33,613	1,991,249	2,263,920	(2,230,307)

¹ Lower revenue is due to the off-boarding of three providers and delays in new physician recruitment which is currently in progress. In addition, Infusion Center revenue is lower than budget due to less than expected patient volume. However, patients served in the Infusion Center is increasing and is reflected in higher revenue when compared to the previous year.

² UCF Clinical LLC, a subsidiary and disregarded entity of the CFCPO, contracts with a professional employment organization to provide staffing for UCF Health and HealthARCH. The decrease in revenue reflects lower than expected effort expended on the Florida Department of Health grants. These grants are managed by HealthARCH staff and the related costs are subsequently billed to the College of Medicine and recorded on the grants.

³ Lower Professional Services expense is due to vacant staff positions in UCF Health and HealthARCH. The increase in Professional Services compared to prior year is due to the transition of UCF Health and HealthARCH staff to the professional employment organization mid-year in FY22. FY22 reflects six months of expense while FY23 reflects a full year. These expenses were not new in FY22; rather, they were moved from the College of Medicine to UCF Clinical.

⁴ The increase in Medical Supplies over the prior year is primarily due to the pharmaceutical expense for the UCF Health Infusion Center which was in its first year in FY22 and continues to grow in FY23. However, pharmaceutical expense is below budget year-to-date due to lower than expected patient volume as of Mar-2023.

⁵ In FY23, the YTD budget estimated \$3.6M in transfers to the College of Medicine to provide auxiliary funding to support its activities. As of Mar-2023, the CFCPO has only transferred of \$455k, \$3.1M lower than budget. This is partly due to the availability of other fund sources, as well as delays in receiving vendor bids and supply chain issues for the buildout of the cancer research floor at the Lake Nona Cancer Center.



Committee Chair or Chair of the Board has approved adding this item to the agenda ☒

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

Attachment A: Final Audited Financial Statements

Facilitators/Presenters:

Gerald Hector

Danta White, Senior Assistant Vice President and University Controller

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

UNIVERSITY OF CENTRAL FLORIDA

For the Fiscal Year Ended
June 30, 2022



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2021-22 fiscal year, Dr. Alexander Cartwright served as President of the University of Central Florida and the following individuals served as Members of the Board of Trustees:

Alex Martins, Chair	Dr. Joseph Harrington through 4-13-22 ^b
Harold Mills, Vice Chair	Dr. Stephen King from 4-14-22 ^b
Tiffany Altizer	Daniella Lopez from 5-4-22 ^a
Bill Christy	Caryl McAlpin
Jeff Condello	John Miklos
Joseph D. Conte	Michael Okaty
Danny Gaekwad	Beverly J. Seay
Meg Hall through 5-3-22 ^a	

^a Student Body President.

^b Faculty Senate Chair.

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

The team leader was James H. Cole, CPA, and the audit was supervised by Jeffrey M. Brizendine, CPA.

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

This report and other reports prepared by the Auditor General are available at:

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State of Florida Auditor General

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UNIVERSITY OF CENTRAL FLORIDA
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SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

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

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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Tallahassee, Florida 32399-1450



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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of 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, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the blended and aggregate discretely presented component units. The financial statements of the blended component units represent 0.7 percent, 5.6 percent, 0.9 percent, and 0.02 percent, respectively, of the assets, liabilities, 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 unit columns. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the blended and aggregate discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing*

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

Emphasis of Matter

As discussed in Note 2. to the financial statements, the University adopted new accounting guidance Governmental Accounting Standards Board Statement No. 87, *Leases*, which is a change in accounting principle that addresses accounting and financial reporting leases. This affects the comparability of amounts reported for the 2021-22 fiscal year with amounts reported for the 2020-21 fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, the Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability, Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan, Schedule of University Contributions – Florida Retirement System Pension Plan, Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan, Schedule of University Contributions – Health Insurance Subsidy Pension Plan, and Notes to Required Supplementary Information**, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 our report dated March 2, 2023, 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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over

financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Central Florida's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 2, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2022, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2022, and June 30, 2021.

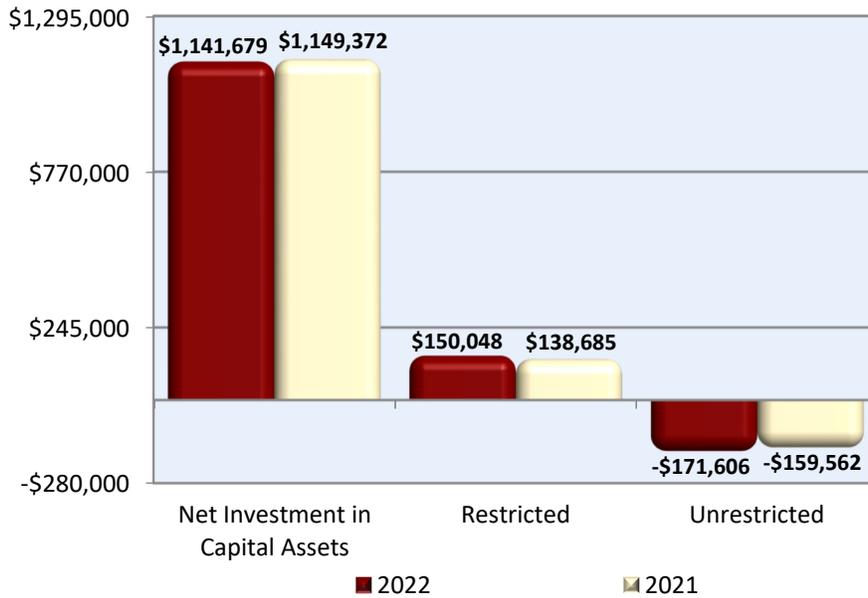
FINANCIAL HIGHLIGHTS

The University's assets and deferred outflows of resources totaled \$2.5 billion on June 30, 2022. This balance reflects a \$133.8 million, or 5.6 percent, increase as compared to June 30, 2021, resulting primarily from recognizing lease receivables and lease assets due to implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, offset by decreases of deferred outflows relating to pensions and other postemployment benefits. Liabilities and deferred inflows of resources increased by \$142.2 million, or 11.4 percent, totaling \$1.4 billion on June 30, 2022, resulting primarily from the annual change in actuarial determined amounts for other postemployment benefits and pensions and the implementation of GASB Statement No. 87. As a result, the University's net position decreased by \$8.4 million, resulting in a year-end balance of \$1.1 billion.

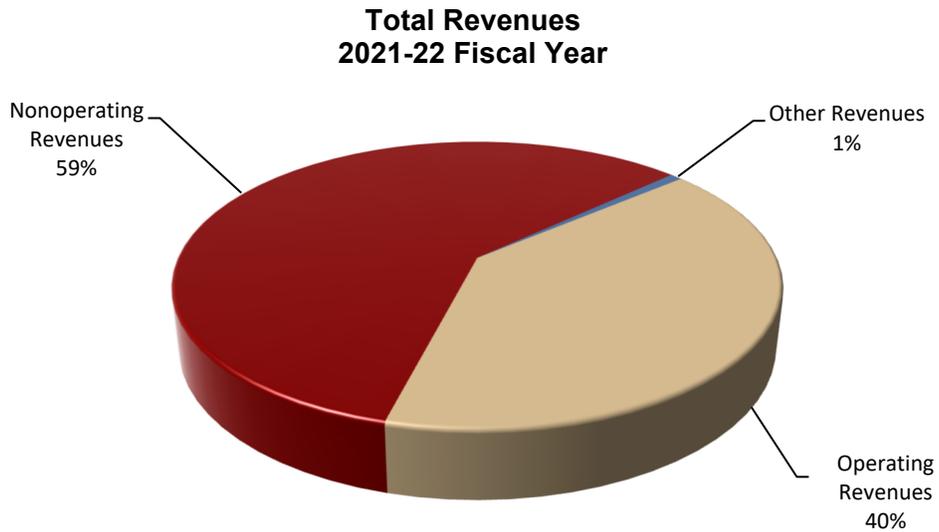
The University's operating revenues totaled \$569.4 million for the 2021-22 fiscal year, representing a 0.1 percent decrease compared to the 2020-21 fiscal year. Operating expenses totaled \$1.3 billion for the 2021-22 fiscal year, representing an increase of 1.3 percent as compared to the 2020-21 fiscal year due mainly to increases in service and supplies, and scholarships, fellowships and waivers, offset by a decrease in compensation and employee benefits.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2022, and June 30, 2021, is shown in the following graph:

**Net Position
(In Thousands)**



The following chart provides a graphical presentation of University revenues by category for the 2021-22 fiscal year:



OVERVIEW OF FINANCIAL STATEMENTS

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

- 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
 - UCF Stadium Corporation
 - Central Florida Clinical Practice Organization, Inc.
 - UCF Academic Health, 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 financial statements. This MD&A focuses on the University, excluding the discretely presented component units. For those component units reporting under GASB standards, MD&A information is included in their separately issued audit reports.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets	\$ 700,434	\$ 707,508
Capital Assets, Net	1,427,426	1,275,970
Other Noncurrent Assets	128,924	81,796
Total Assets	<u>2,256,784</u>	<u>2,065,274</u>
Deferred Outflows of Resources	<u>249,486</u>	<u>307,212</u>
Liabilities		
Current Liabilities	141,522	135,635
Noncurrent Liabilities	854,951	931,190
Total Liabilities	<u>996,473</u>	<u>1,066,825</u>
Deferred Inflows of Resources	<u>389,676</u>	<u>177,166</u>
Net Position		
Net Investment in Capital Assets	1,141,679	1,149,372
Restricted	150,048	138,685
Unrestricted	<u>(171,606)</u>	<u>(159,562)</u>
Total Net Position	<u>\$ 1,120,121</u>	<u>\$ 1,128,495</u>

Total assets as of June 30, 2022, increased \$191.5 million, or 9.3 percent, while deferred outflows of resources decreased by \$57.7 million, or 18.8 percent. Liabilities decreased by \$70.4 million, or 6.6 percent, and deferred inflows of resources increased by \$212.5 million, or 120 percent. These changes were primarily related to annual changes in actuarial determined amounts for pension and postemployment benefits along with lease assets and liabilities recognized due to GASB Statement No. 87, *Leases*, implementation.

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 2021-22 and 2020-21 fiscal years:

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

(In Thousands)

	2021-22	2020-21
Operating Revenues	\$ 569,439	\$ 570,257
Less, Operating Expenses	1,337,144	1,320,272
Operating Loss	(767,705)	(750,015)
Net Nonoperating Revenues	748,481	715,239
Loss Before Other Revenues	(19,224)	(34,776)
Other Revenues	10,814	10,957
Net Decrease In Net Position	(8,410)	(23,819)
Net Position, Beginning of Year	1,128,495	1,152,314
Adjustment to Beginning Net Position (1)	36	-
Net Position, Beginning of Year, as Restated	1,128,531	1,152,314
Net Position, End of Year	\$ 1,120,121	\$ 1,128,495

(1) For the 2021-22 fiscal year, the University's beginning net position was adjusted due to GASB Statement No. 87, *Leases*, implementation.

Operating Revenues

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

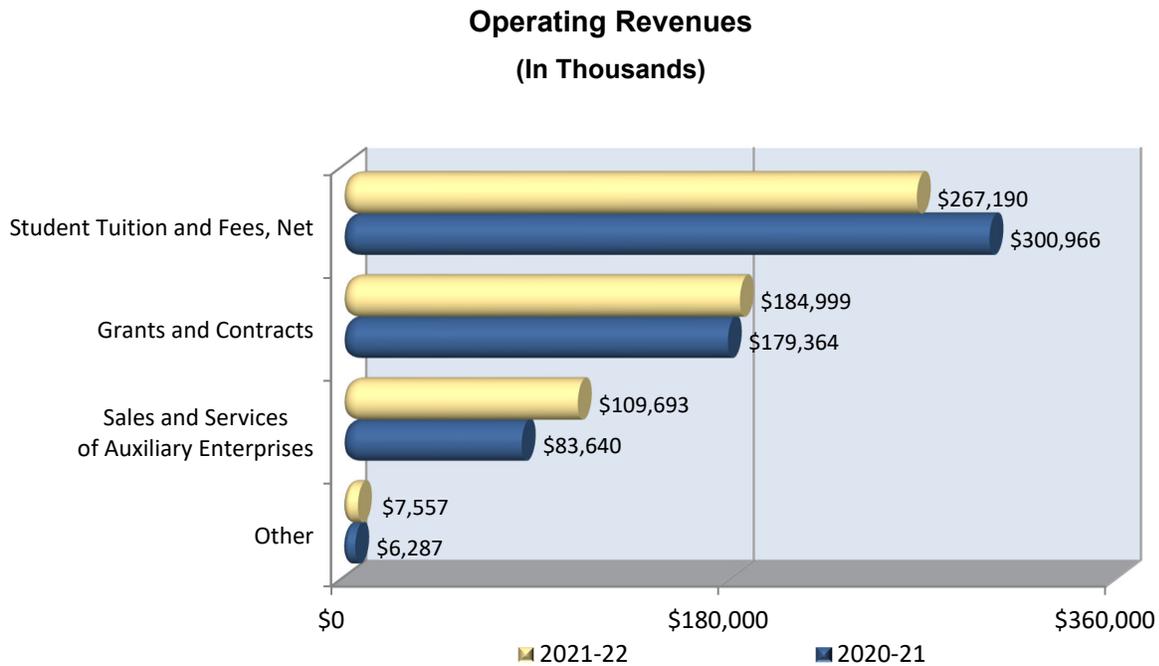
The following summarizes the operating revenues by source that were used to fund operating activities for the 2021-22 and 2020-21 fiscal years:

**Operating Revenues
For the Fiscal Years**

(In Thousands)

	2021-22	2020-21
Student Tuition and Fees, Net	\$ 267,190	\$ 300,966
Grants and Contracts	184,999	179,364
Sales and Services of Auxiliary Enterprises	109,693	83,640
Other	7,557	6,287
Total Operating Revenues	\$ 569,439	\$ 570,257

The following chart presents the University's operating revenues for the 2021-22 and 2020-21 fiscal years:



Operating Expenses

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

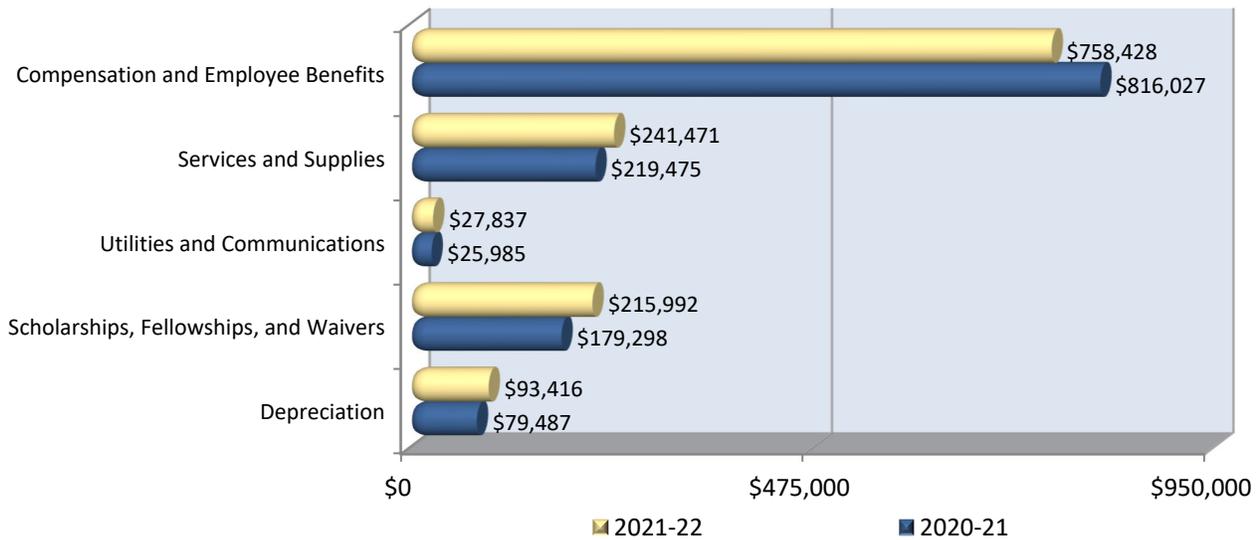
The following summarizes operating expenses by natural classification for the 2021-22 and 2020-21 fiscal years:

Operating Expenses
For the Fiscal Years
(In Thousands)

	<u>2021-22</u>	<u>2020-21</u>
Compensation and Employee Benefits	\$ 758,428	\$ 816,027
Services and Supplies	241,471	219,475
Utilities and Communications	27,837	25,985
Scholarships, Fellowships, and Waivers	215,992	179,298
Depreciation	93,416	79,487
Total Operating Expenses	<u>\$ 1,337,144</u>	<u>\$ 1,320,272</u>

The following chart presents the University's operating expenses for the 2021-22 and 2020-21 fiscal years:

Operating Expenses
(In Thousands)



Operating expenses increased \$16.9 million, or 1.3 percent, over the 2020-21 fiscal year. Compensation and employee benefits decreased by \$57.6 million, or 7.1 percent, primarily due to a decrease in actuarially determined pension expenses. Scholarships and fellowships increased by \$36.7 million, or 20.5 percent resulting from increased Federal Higher Education Emergency Relief Fund (HEERF) aid.

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, 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 2021-22 and 2020-21 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years
(In Thousands)

	<u>2021-22</u>	<u>2020-21</u>
State Noncapital Appropriations	\$ 378,654	\$ 368,981
Federal and State Student Financial Aid	337,372	301,376
Investment Income (Loss)	(35,815)	32,412
Other Nonoperating Revenues	121,223	49,315
Loss on Disposal of Capital Assets	(809)	(491)
Interest on Capital Asset-Related Debt	(5,919)	(5,247)
Other Nonoperating Expenses	<u>(46,225)</u>	<u>(31,107)</u>
Net Nonoperating Revenues	<u><u>\$ 748,481</u></u>	<u><u>\$ 715,239</u></u>

Net nonoperating revenues increased by \$33.2 million, or 4.7 percent, primarily due to increases in other nonoperating revenues and Federal and State student financial aid. Other nonoperating revenues

increased by \$71.9 million primarily due to Federal HEERF Institutional Portion and Minority Serving Institutions funding. Additionally, the University received an increase in Federal HEERF funding for emergency student financial aid awards of \$49 million offset by decreases in Florida Bright Futures Scholarship Program of \$10.6 million and Pell grants of \$4.3 million. These increases were offset by a decrease in investment income of \$68.2 million primarily due to unrealized losses from changes in fair market valuations of investments since the prior fiscal year.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2021-22 and 2020-21 fiscal years:

Other Revenues For the Fiscal Years (In Thousands)		
	2021-22	2020-21
State Capital Appropriations	\$ 9,302	\$ 10,651
Capital Grants, Contracts, Donations, and Fees	1,512	306
Total	\$ 10,814	\$ 10,957

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 2021-22 and 2020-21 fiscal years:

Condensed Statement of Cash Flows For the Fiscal Years (In Thousands)		
	2021-22	2020-21
Cash Provided (Used) by:		
Operating Activities	\$ (679,685)	\$ (588,215)
Noncapital Financing Activities	776,721	692,023
Capital and Related Financing Activities	(76,577)	(63,070)
Investing Activities	12,736	(82,098)
Net Increase (Decrease) in Cash and Cash Equivalents	33,195	(41,360)
Cash and Cash Equivalents, Beginning of Year	23,987	65,347
Cash and Cash Equivalents, End of Year	\$ 57,182	\$ 23,987

Cash and cash equivalents increased \$33.2 million. Cash used by operating activities increased by \$91.5 million, or 15.6 percent, compared to the 2020-21 fiscal year primarily due to increased payments to student scholarships, suppliers and employees, plus a decrease of tuition and fee receipts offset by increased auxiliary enterprise revenues from housing revenue recoveries. Cash inflows from noncapital financing activities increased by \$84.7 million, or 12.2 percent, primarily due to an increase in cash received from Federal and State student aid and HEERF funding. Cash used for capital and related financing activities increased by \$13.5 million, or 21.4 percent, due to lease payments recognized under GASB Statement No. 87. Cash provided by investing activities increased by \$94.8 million, or 115.5 percent, primarily due to the liquidation of equity investments.

Major sources of funds came from proceeds from sales and maturities of investments (\$1.2 billion), State noncapital appropriations (\$378.7 million), Federal and State student financial aid (\$337.4 million), net student tuition and fees (\$271.5 million), Federal Direct Loan Program receipts (184.7 million), grants and contracts (\$184.2 million), and sales and services of auxiliary enterprises (\$104 million). Major uses of funds were for purchases of investments (\$1.2 billion), payments to employees (\$762.8 million), payments to suppliers for good and services (\$268.7 million, payments to students for scholarships and fellowships totaling (\$216 million), and disbursements to students for the Federal Direct Loan Program (\$184.7 million).

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

Capital Assets

At June 30, 2022, the University had \$2.5 billion in capital assets, less accumulated depreciation of \$1.1 billion, for net capital assets of \$1.4 billion. Depreciation charges for the current fiscal year totaled \$93.4 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)

	2022	2021
Land	\$ 43,016	\$ 43,016
Construction in Progress	39,905	11,326
Buildings	1,056,371	1,098,923
Infrastructure and Other Improvements	40,646	42,917
Furniture and Equipment	37,090	37,627
Library Resources	31,518	30,534
Leasehold Improvements	8,482	11,180
Lease Assets	170,016	-
Works of Art and Historical Treasures	382	447
Capital Assets, Net	\$ 1,427,426	\$ 1,275,970

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, 2022, and the University's construction commitments at June 30, 2022, are as follows:

	Amount (In Thousands)
Total Committed	\$ 69,496
Completed to Date	<u>(39,905)</u>
Balance Committed	<u>\$ 29,591</u>

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

Debt Administration

As of June 30, 2022, the University had \$304.9 million in outstanding capital improvement debt payable, loans payable and leases payable representing an increase of \$159.6 million, or 110 percent, from the prior fiscal year, which is primarily due to the recognition of leases payable due to the implementation of GASB Statement No. 87. 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)

	<u>2022</u>	<u>2021</u>
Capital Improvement Debt	\$ 80,937	\$ 88,025
Loans and Notes Payable	52,997	57,273
Leases Payable	<u>170,933</u>	<u>-</u>
Total	<u>\$ 304,867</u>	<u>\$ 145,298</u>

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. Because of limited economic growth and increased demand for State resources, a modest increase in State funding is anticipated in the 2022-23 fiscal year. The University manages this through the continual efficient and strategic use of resources and entrepreneurial efforts by academic, administrative, and auxiliary departments. The budget that the Florida Legislature adopted for the 2022-23 fiscal year included \$276.4 million in base-funding increases for the State University System, of which the University received \$39.9 million. Further, the University's performance funding was reduced by \$0.5 million.

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. Net tuition and fee revenue decreased 11.2 percent from the 2020-21 fiscal year to the 2021-22 fiscal year. The decrease was primarily due to a 5.7 percent

increase in tuition scholarship allowance. Overall, enrollment decreased 2.1 percent with a student count of approximately 70,386. The change was primarily due to a 1,850 headcount decrease in transfer students and a 143 headcount decrease in graduate students. The University continues to invest in recruitment, retention, and academic advising initiatives to manage enrollment and support students' success.

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 Danta White, CPA, Assistant Vice President and University 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, 2022

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 42,932,600	\$ 53,531,920
Restricted Cash and Cash Equivalents	3,394,135	15,984,972
Investments	543,547,584	-
Accounts Receivable, Net	64,566,825	18,807,333
Loans, Leases, and Notes Receivable, Net	2,727,128	13,150,707
Due from State	27,250,050	-
Due from Component Units	2,086,628	935,800
Due from University	-	36,050,297
Inventories	4,918,174	93,954
Other Current Assets	9,011,368	4,388,110
Total Current Assets	700,434,492	142,943,093
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	10,855,254	5,549,067
Restricted Investments	50,945,282	299,921,980
Loans, Leases, and Notes Receivable, Net	56,321,265	186,033,817
Depreciable Capital Assets, Net	1,344,286,479	176,743,327
Nondepreciable Capital Assets	83,138,876	64,841,331
Due from Component Units	4,531,020	9,000,000
Other Noncurrent Assets	6,271,334	365,194
Total Noncurrent Assets	1,556,349,510	742,454,716
Total Assets	2,256,784,002	885,397,809
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	153,244,516	-
Pensions	86,028,604	-
Deferred Amount on Debt Refundings	10,213,367	3,946,560
Total Deferred Outflows of Resources	249,486,487	3,946,560
LIABILITIES		
Current Liabilities:		
Accounts Payable	17,205,642	6,567,703
Construction Contracts Payable	8,114,736	-
Salary and Wages Payable	16,636,724	-
Deposits Payable	6,943,744	-
Due to Component Units	36,050,297	935,800
Due to University	-	2,086,628
Unearned Revenue	19,678,955	24,755,111
Other Current Liabilities	1,409,542	1,635,075
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	5,835,000	-
Bonds Payable	-	10,489,000
Loans and Notes Payable	2,750,000	10,355,158
Leases Payable	3,059,890	222,926
Leases Payable - Component Units	10,421,930	3,641,484
Compensated Absences Payable	5,891,268	177,778
Other Postemployment Benefits Payable	7,182,994	-
Net Pension Liability	340,913	-
Total Current Liabilities	141,521,635	60,866,663

	<u>University</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	75,102,120	-
Bonds Payable	-	177,761,982
Loans and Notes Payable	50,247,000	76,548,000
Leases Payable	33,702,039	4,127,505
Leases Payable - Component Units	123,749,264	69,552,142
Compensated Absences Payable	57,049,117	601,968
Other Postemployment Benefits Payable	403,363,766	-
Net Pension Liability	109,776,875	-
Unearned Revenue	-	26,356
Due to University	-	4,531,020
Due To Component Units	-	9,000,000
Other Noncurrent Liabilities	1,961,227	1,778,690
Total Noncurrent Liabilities	854,951,408	343,927,663
Total Liabilities	996,473,043	404,794,326
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	156,221,084	-
Pensions	176,804,832	-
Leases	56,650,693	183,364,634
Total Deferred Inflows of Resources	389,676,609	183,364,634
NET POSITION		
Net Investment in Capital Assets	1,141,678,510	89,239,265
Restricted for Nonexpendable:		
Endowment	-	150,905,487
Restricted for Expendable:		
Debt Service	9,102	-
Loans	3,147,420	-
Capital Projects	79,679,006	7,363,446
Other	67,212,918	130,509,348
Unrestricted	(171,606,119)	(76,832,137)
TOTAL NET POSITION	\$ 1,120,120,837	\$ 301,185,409

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

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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, 2022

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship		
Allowances of \$250,973,316 (Pledged for Capital Improvement Debt: \$14,719,794 for Parking)	\$ 267,189,719	\$ 23,224,971
Federal Grants and Contracts	134,409,573	-
State and Local Grants and Contracts	16,488,501	-
Nongovernmental Grants and Contracts	34,101,362	-
Sales and Services of Auxiliary Enterprises (Pledged for Capital Improvement Debt: \$28,434,860 Pledged for Housing and \$6,074,727 for Parking)	109,692,650	-
Gifts and Donations	-	75,405,171
Interest on Loans and Notes Receivable	285,443	-
Other Operating Revenues (Pledged for Capital Improvement Debt: \$299,346 for Housing and \$788,912 for Parking)	7,271,277	63,786,685
Total Operating Revenues	569,438,525	162,416,827
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	758,427,829	24,090,913
Services and Supplies	241,470,759	135,633,393
Utilities and Communications	27,837,177	-
Scholarships, Fellowships, and Waivers	215,991,818	-
Depreciation	93,416,450	8,812,956
Total Operating Expenses	1,337,144,033	168,537,262
Operating Loss	(767,705,508)	(6,120,435)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	378,654,412	-
Federal and State Student Financial Aid	337,372,177	-
Investment Income (Loss)	(35,814,871)	430,951
Other Nonoperating Revenues	121,222,856	34,304,506
Loss on Disposal of Capital Assets	(808,677)	-
Interest on Capital Asset-Related Debt	(5,919,564)	(8,825,192)
Other Nonoperating Expenses	(46,225,602)	(2,621,047)
Net Nonoperating Revenues	748,480,731	23,289,218
Income (Loss) Before Other Revenues, Expenses	(19,224,777)	17,168,783
State Capital Appropriations	9,302,309	-
Capital Grants, Contracts, Donations, and Fees	1,511,936	2,013,142
Additions to Permanent Endowments	-	8,421,165
Other Expenses	-	(18,000,000)
Total Other Revenues (Expenses)	10,814,245	(7,565,693)
Increase (Decrease) in Net Position	(8,410,532)	9,603,090
Net Position, Beginning of Year	1,128,495,379	289,705,297
Adjustment to Beginning Net Position	35,990	1,877,022
Net Position, Beginning of Year, as Restated	1,128,531,369	291,582,319
Net Position, End of Year	\$ 1,120,120,837	\$ 301,185,409

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, 2022

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 271,517,939
Grants and Contracts	184,240,015
Sales and Services of Auxiliary Enterprises	104,001,581
Interest on Loans and Notes Receivable	287,269
Payments to Employees	(762,788,326)
Payments to Suppliers for Goods and Services	(268,660,291)
Payments to Students for Scholarships and Fellowships	(215,991,818)
Net Loans Issued to Students	(550,598)
Other Operating Receipts	8,259,012
	(679,685,217)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	378,654,412
Federal and State Student Financial Aid	337,372,177
Federal Direct Loan Program Receipts	184,661,382
Federal Direct Loan Program Disbursements	(184,661,382)
Net Change in Funds Held for Others	8,934,346
Other Nonoperating Receipts	51,760,095
	776,721,030
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	8,058,843
Capital Grants, Contracts, Donations and Fees	1,460,000
Other Receipts for Capital Projects	3,863,141
Purchase or Construction of Capital Assets	(59,317,045)
Principal Paid on Capital Debt and Leases	(24,688,808)
Interest Paid on Capital Debt and Leases	(6,163,159)
Interest Received on Capital Debt and Leases	209,973
	(76,577,055)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,178,468,417
Purchases of Investments	(1,182,886,640)
Investment Income	17,154,161
	12,735,938
Net Increase in Cash and Cash Equivalents	33,194,696
Cash and Cash Equivalents, Beginning of Year	23,987,293
	\$ 57,181,989

	<u>University</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (767,705,508)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	93,416,450
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	7,960,469
Inventories	(2,235,251)
Other Assets	(1,845,312)
Accounts Payable	4,552,169
Salaries and Wages Payable	3,131,103
Deposits Payable	214,854
Compensated Absences Payable	(1,632,502)
Unearned Revenue	(9,309,161)
Other Liabilities	(373,430)
Other Postemployment Benefits Payable	19,034,675
Net Pension Liability	(237,798,233)
Deferred Outflows of Resources Related to Other Postemployment Benefits	14,840,699
Deferred Inflows of Resources Related to Other Postemployment Benefits	(15,740,347)
Deferred Outflows of Resources Related to Pensions	42,203,737
Deferred Inflows of Resources Related to Pensions	171,600,371
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (679,685,217)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized loss on investments were recognized as a decrease 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.	\$ (53,171,097)
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.	\$ (808,677)

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

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 Professions and Sciences (previously included in the 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. The condensed financial statements are reported net of eliminations.

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 in achieving excellence by providing supplemental resources from private gifts and bequests and valuable education support services and are governed by separate boards.

Florida Statutes authorize these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

- 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.
- UCF Stadium 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.
- UCF Academic Health, Inc. is a not-for-profit Florida Corporation whose purpose is to promote and support medical education, research, and patient care through the planning and development of clinical initiatives and affiliated partnerships that serve the education, research and clinical mission and objectives of the College of Medicine.
- Limbitless Solutions, Inc. is a not-for-profit Florida Corporation whose purpose is to develop affordable open-source 3D printed bionic solutions for individuals with disabilities, increase accessibility with art infused bionics, and to promote access and engagement in STEM/STEAM education. Financial activities of this component unit are not included in the University's financial statements as the total assets related to this component unit represent less than one percent of the total aggregate component units' assets.

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

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

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

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third-party making payment on behalf of the student. The University applied the "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

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

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts, money market funds, and investments with original maturities of three months or less. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by the Federal Deposit Insurance Corporation (FDIC), 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 \$14,276,716 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 held in Rule 2a-7 mutual funds and securities rated AAA (or its equivalent) by a nationally recognized statistical rating organization. The Corporation, a blended component unit, holds \$3,394,135 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:

<u>Component Unit</u>	<u>Cash in Bank</u>	<u>Money Market Funds</u>	<u>Total</u>
University of Central Florida Foundation, Inc.	\$ 13,757,152	\$ 4,963,097	\$ 18,720,249
University of Central Florida Research Foundation, Inc.	416,088	-	416,088
UCF Athletics Association, Inc.	26,474,819	137,259	26,612,078
UCF Convocation Corporation	3,589,856	16,150,209	19,740,065
UCF Stadium Corporation	-	39,595	39,595
UCF Academic Health, Inc.	616,827	-	616,827
Central Florida Clinical Practice Organization, Inc.	8,921,057	-	8,921,057
Total Component Units	\$ 53,775,799	\$ 21,290,160	\$ 75,065,959

The University holds certain cash balances for various discretely presented component units. Cash amounts held for University of Central Florida Research Foundation, Inc., UCF Convocation Corporation, and UCF Stadium Corporation were \$26,073,741, \$5,528,782, and \$3,447,465, respectively.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of 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. At June 30, 2022, approximately \$13,013,272 in cash deposits were not insured by the FDIC and were not collateralized.

- **UCF Athletics Association, Inc.** – The Association does not have a deposit policy for custodial credit risk, although all demand deposits with banks are insured up to the FDIC limits. As of June 30, 2022, no part of the Association’s bank balance was exposed to custodial credit risk as uninsured and uncollateralized.
- **UCF Convocation Corporation** – At June 30, 2022, the Convocation Corporation held \$16,150,209 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation’s name. Additionally, at June 30, 2022, the Convocation Corporation held \$3,589,856 in cash deposits at a financial banking institution. These funds are collateralized with securities held by the pledging financial institution, but not in the depositor’s name.
- **UCF Stadium Corporation** – At June 30, 2022, the Stadium Corporation held \$39,595 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation’s name.
- **Central Florida Clinical Practice Organization, Inc.** – At June 30, 2022, The Central Florida Clinical Practice Organization, Inc. had deposits in banking institutions. A portion of the deposits, totaling \$8,689,742, was in excess of the FDIC limit as of June 30, 2022.
- **UCF Academic Health, Inc.** – At June 30, 2022, UCF Academic Health, Inc. had deposits in a banking institution. A portion of the deposits, totaling \$366,846, was in excess of the FDIC limit as of June 30, 2022.

Capital Assets. University capital assets consist of land, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, leasehold improvements, lease assets, works of art and historical treasures, computer software, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$4 million for intangible assets, which includes computer software, \$5,000 for tangible personal property, and \$250 for library resources. New buildings and improvements have a \$100,000 capitalization threshold. Leased assets have a materiality threshold of \$5,000 for equipment and \$100,000 for space based on the initial calculated net present value. 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
- Lease Assets – the lesser of the lease term or the useful life of the underlying asset
- Works of Art and Historical Treasures – 5 to 15 years
- Computer Software – 5 to 10 years

Leases. The University determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and liabilities in the statement of net position. Lease assets represent the

University's control of the right to use an underlying asset for the lease term, as specified in the contract. In exchange or exchange-like transactions, lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized systematically and rationally over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities represent the University's obligation to make lease payments from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less applicable lease incentives. Interest expense is recognized over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option.

Lessor arrangements are included in lease receivables and deferred inflows of resources in the statement of net position. Lease receivables represent the University's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at the commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized over the contract term. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue systematically and rationally over the lease term.

Leases with a lease term of 12 months or less, or under the materiality threshold are not included as lease liabilities, right-to-use leased assets, leases receivable or deferred inflows of resources on the statement of net position. Instead, the University recognizes these lease payments as outflows or inflows of resources respectively.

Noncurrent Liabilities. Noncurrent liabilities include capital improvement debt payable, loans and notes payable, leases payable, compensated absences payable, other postemployment benefits payable, net pension liabilities, and other noncurrent liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premium or discount. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.

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

2. Reporting Change

The University implemented GASB Statement No. 87, *Leases*, which addresses accounting and financial reporting for leases by universities. This statement requires the University to recognize certain lease

assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the contract's payment provisions. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use the leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the University's leasing activities.

3. Adjustment to Beginning Net Position

The beginning net position of the University was increased by \$35,990 due to the implementation of GASB Statement No. 87, *Leases*, which resulted in adjusting the beginning net capital lease assets balance in excess of the associated lease liabilities.

4. Deficit Net Position in Individual Funds

The University reported an unrestricted net position which included a deficit in the current funds – unrestricted as shown below:

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (330,046,833)
Auxiliary Funds	158,440,714
Total	\$ (171,606,119)

As shown below, this deficit can be attributed primarily to the full recognition of certain long-term liabilities (i.e., compensated absences payable, OPEB payable, and net pension liabilities) in the current unrestricted funds that are expected to be paid over time.

	<u>Amount</u>
Total Unrestricted Net Position Before Recognition of Certain Long-Term Liabilities and Deferred Outflows and Deferred Inflows of Resources	<u>\$ 505,751,610</u>
Amount Expected to be Paid in Future Years:	
Compensated Absences Payable	62,940,385
Other Postemployment Benefits Payable and Related Deferred Outflows and Deferred Inflows of Resources	413,523,328
Net Pension Liability and Related Deferred Outflows and Deferred Inflows of Resources	<u>200,894,016</u>
Total Amount Expected to be Paid in Future Years	<u>677,357,729</u>
Total Unrestricted Net Position	<u>\$ (171,606,119)</u>

5. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant

to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; 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; and other investments approved by the Board of Trustees as authorized by law.

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

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

All of the University's recurring fair value measurements as of June 30, 2022, are valued using quoted market prices (Level 1 inputs), with the exception of corporate, municipal and other bonds, certain Federal agency obligations and certificates of deposit which are valued using a matrix pricing model which may consider quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices that are observable (Level 2 inputs) and investments with the State Treasury which are valued based on the University's share of the pool (Level 3 inputs).

The University's investments at June 30, 2022, are reported as follows:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 272,718,483	\$ -	\$ -	\$ 272,718,483
SBA Debt Service Accounts	4,334	4,334	-	-
Obligations of United States Government				
Agencies and Instrumentalities	55,387,515	55,387,515	-	-
Federal Agency Obligations	36,531,675	-	36,531,675	-
Bonds and Notes	114,088,099	-	114,088,099	-
Mutual Funds				
Equities	93,622,040	93,622,040	-	-
Bonds	22,140,720	22,140,720	-	-
Total investments by fair value level	\$ 594,492,866	\$ 171,154,609	\$ 150,619,774	\$ 272,718,483

Investments held by the University's component units at June 30, 2022, are reported as follows:

	University of Central Florida Foundation Inc.	University of Central Florida Research Foundation Inc.	University of Central Florida Academic Health, Inc.	Total	Fair Value Measurements Using		
					Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level							
Equity - Domestic	\$ 12,279,130	\$ 110,607	\$ -	\$ 12,389,737	\$ 12,279,130	\$ 110,607	\$ -
Equity - International	118,996	-	-	118,996	118,996	-	-
Domestic - Fixed Income	3,745,502	-	-	3,745,502	3,745,502	-	-
Real Assets	5,527,000	-	-	5,527,000	-	-	5,527,000
Total investments by fair value level	21,670,628	110,607	-	21,781,235	\$ 16,143,628	\$ 110,607	\$ 5,527,000
Investments measured at the net asset value (NAV)							
Equity - Domestic	59,602,482	-	-	59,602,482			
Equity - International	54,648,964	-	-	54,648,964			
Domestic - Fixed Income	79,357,647	-	-	79,357,647			
International Fixed Income	11,682,487	-	-	11,682,487			
Private Equity Funds	27,270,957	-	-	27,270,957			
Private Debt Funds	11,582,849	-	-	11,582,849			
Hedge Funds:							
Credit	4,290,797	-	-	4,290,797			
Event Driven	7,700,317	-	-	7,700,317			
Global Macro	3,776,375	-	-	3,776,375			
Equity Linked	2,650,791	-	-	2,650,791			
Real Assets	2,235,112	-	-	2,235,112			
Total investments measured at the NAV	264,798,778	-	-	264,798,778			
Investments measured using the equity method	-	-	13,341,967	13,341,967			
Total investments	\$ 286,469,406	\$ 110,607	\$ 13,341,967	\$ 299,921,980			

All of the University's component units' recurring fair value measurements as of June 30, 2022, are valued using quoted market prices (Level 1 inputs), with the exception of equity investments valued quarterly by respective fund managers (Level 2 inputs) and real assets valued based on an appraisal utilizing recent sale and property comparisons of like assets (Level 3 inputs).

For the University's component units, the valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

Investments measured at the NAV	University of Central Florida Foundation, Inc.	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity- Domestic	\$ 59,602,482	\$ -	Immediate	
Fixed Income- Domestic	79,357,647	-	Immediate	
Equity- International	20,584,735	-	Monthly	30 Days
Equity- International	34,064,229	-	Daily	Immediate
International Fixed Income	7,497,277	-	Monthly	30 Days
International Fixed Income	4,185,210	-	Daily	Immediate
Private Equity Funds	27,270,957	12,317,549		
Private Debt Funds	11,582,849	1,015,998		
Hedge Funds:				
Credit	4,290,797	-	Quarterly	90 Days
Event Driven	6,908,020	-	Monthly	30 Days
Event Driven	792,297	-	Quarterly	90 Days
Global Macro	3,776,375	-	Monthly	30 Days
Equity Linked	2,650,791	-	Quarterly	60 Days
Real Assets	2,235,112	2,846,598		
Total investments measured at the NAV	\$ 264,798,778	\$ 16,180,145		

Net Asset Value.

GASB Statement No. 72, *Fair Value Measurement and Application*, permits the fair value of certain equity and debt investments that do not have readily determinable fair values to be based on their net asset value (NAV) per share. The investments held at net asset value reflect:

Domestic Equity and International Equity: These funds are operated by money managers and can be actively managed or passively managed to an index. These funds are privately placed and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair values of both funds are provided by the money managers which use a quoted price in active markets for the underlying assets.

Domestic Fixed Income: The fund is operated by a money manager and is passively managed to an index. The fund is privately placed, and its fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of the fund is provided by the money manager which uses a quoted price in the active markets for the underlying assets.

International Fixed Income: The fund is operated by a money manager that is actively managed. The fund utilizes a focus on credit driven strategies for the underlying investments and can contain both domestic and international investments in the portfolio. The fund is privately placed and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of the fund is provided by the money manager which uses a quoted price in active markets for the underlying assets.

Private Equity and Private Debt Funds: Private equity and private debt includes distinct limited partnerships or limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets or notes of the fund. Private equity and private debt are not traded on a public, primary exchange. Private equity can include equity rights to private companies, capital lent to companies, or other privately held securities. Private equity commitments are not drawn immediately,

therefore the capital deployed at any one time is likely less than the total contractual commitment. Private debt funds aim to take advantage of structural imbalances between demand and supply of credit for consumers, small and medium enterprises, and trade finance consisting of private notes and bonds with equity components. In this portfolio, private equity capital and private debt are invested with general partners of a legally formed limited partnership, whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

Credit Hedge Funds: The credit class of hedge funds seeks to profit from the mispricing of related debt securities. Returns are not generally dependent on the general direction of market movements. This strategy utilizes quantitative and qualitative analysis to identify securities or spreads between securities that deviate from their fair value and/or historical norms. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Event Driven Hedge Funds: The event driven hedge funds class includes investments in hedge funds that invest across the capital structure in equity and debt securities. Managers invest in situations with the expectation that a near term event will act as a catalyst changing the market's perception of a company, thereby increasing or decreasing the value of its equity or debt. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Global Macro Hedge Funds: The global macro hedge fund class includes hedge funds that trade highly liquid instruments, long and short, including currencies, commodities, fixed income instruments and equity indices. Two types of strategies are employed in this portfolio: discretionary strategies that employ broad analysis of economic, financial and political data to identify themes, and systematic strategies that use algorithmic models to analyze historical data, both technical and fundamental. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Equity Linked Hedge Funds: The equity linked class of hedge funds includes investments in debt instruments and options on equities. The equities options provide investors with principal protection while providing exposure to equities. Returns are dependent on performance of the equity's options. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Real Assets: Real assets include three investment vehicles consisting of distinct limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. Real assets consist of capital not traded on a public, primary exchange. For purposes of this portfolio, real assets include private holdings in domestic and international real estate. Real asset commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. In this portfolio, real assets capital is invested with general partners of a legally formed limited partnership, whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

External Investment Pool.

The University reported investments at fair value totaling \$272,718,483 at June 30, 2022, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.66 years, and fair value factor of 0.9479 at June 30, 2022. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

State Board of Administration Debt Service Accounts.

The University reported investments totaling \$4,334 at June 30, 2022, 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 6 months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Other Investments.

The University and its discretely presented component units invested in various debt and equity securities, 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, bond mutual funds, and debt related hedge funds, and their future maturities at June 30, 2022, are as follows:

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	\$ 55,387,515	\$ 12,105,321	\$ 41,160,721	\$ 2,121,473
Federal Agency Obligations	36,531,676	384,199	15,619,148	20,528,329
Bonds and Notes	114,088,099	9,723,252	67,732,320	36,632,527
Mutual Funds - Bonds	22,140,720	86,934	10,619,462	11,434,324
Total	\$ 228,148,010	\$ 22,299,706	\$ 135,131,651	\$ 70,716,653

Component Units' Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years)			Investments Not Directly Subject To Interest Rate Risk (1)
		Less Than 1	1 - 5	More Than 5	
Domestic Fixed Income	\$ 83,103,149	\$ -	\$ 3,287,169	\$ 458,333	\$ 79,357,647
International Fixed Income	11,682,487	-	-	-	11,682,487
Private Debt	11,582,849	-	-	-	11,582,849
Hedge Funds	4,290,797	-	-	-	4,290,797
Total	\$ 110,659,282	\$ -	\$ 3,287,169	\$ 458,333	\$ 106,913,780

(1) Certain UCF Foundation alternative investments are held in funds and are not directly subject to credit risk. Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The investments listed above with quality ratings reflect the credit risk related to debt-type securities that are directly held by the Foundation.

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, 2022, of the University's and its component units' debt instruments using Moody's and Standard & Poor's nationally recognized rating agencies:

University Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A
Federal Agency Obligations	\$ 36,531,675	\$ 28,686,392	\$ 7,845,283	\$ -	\$ -
Bonds and Notes	114,088,099	39,675,983	16,867,877	51,888,368	5,655,871
Mutual Funds - Bonds	22,140,720	-	7,557,160	14,583,560	-
Total	\$ 172,760,494	\$ 68,362,375	\$ 32,270,320	\$ 66,471,928	\$ 5,655,871

Component Units' Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A	Investments Not Directly Subject To Credit Risk (1)
Domestic Fixed Income	\$ 83,103,149	\$ 221,648	\$ 334,123	\$ 3,189,731	\$ -	\$ 79,357,647
International Fixed Income	11,682,487	-	-	-	-	11,682,487
Private Debt	11,582,849	-	-	-	-	11,582,849
Hedge Funds	4,290,797	-	-	-	-	4,290,797
Total	\$ 110,659,282	\$ 221,648	\$ 334,123	\$ 3,189,731	\$ -	\$ 106,913,780

(1) Certain UCF Foundation alternative investments are held in funds and are not directly subject to credit risk. Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The investments listed above with quality ratings reflect the credit risk related to debt-type securities that are directly held by the Foundation.

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' 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 investment policy states that not more than 5 percent of the investment portfolio's assets shall be invested in securities in 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.

6. Receivables

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2022, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 33,380,281
Contracts and Grants	23,484,073
Other	7,702,471
Total Accounts Receivable	\$ 64,566,825

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.

Leases Receivable. The University leases space to external parties and the University's discretely presented component units for various terms under long-term non-cancelable lease agreements. The leases expire at various dates and provide renewal options ranging from 5 months to 20 years. During the year ended June 30, 2022, lease revenue totaling \$2,654,054 and interest revenue of \$209,973 were recognized in accordance with GASB Statement No. 87, *Leases*. Total future minimum lease payments to be received under lessor agreements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Non-Component Units</u>		<u>Component Units</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,409,881	\$ 654,219	\$ 255,662	\$ 1,500,000	\$ -
2024	2,569,236	321,164	248,072	2,000,000	-
2025	2,571,817	329,495	242,322	2,000,000	-
2026	2,574,474	338,076	236,398	2,000,000	-
2027	2,452,463	221,749	230,714	2,000,000	-
2028-2032	11,716,716	616,752	1,099,964	10,000,000	-
2033-2037	11,672,218	661,593	1,010,625	10,000,000	-
Thereafter	27,568,194	5,963,829	3,604,365	18,000,000	-
Total payments to be received	\$63,534,999	\$ 9,106,877	\$ 6,928,122	\$47,500,000	\$ -

Allowance for Doubtful Receivables. Allowances for doubtful accounts are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable and loans and notes receivable are reported net of allowances of \$2,113,627 and \$263,949, respectively, at June 30, 2022.

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

7. Due From State

The amount due from State consists of \$27,250,050 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations due from the State to the University for construction of University facilities.

8. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2022, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 43,016,240	\$ -	\$ -	\$ 43,016,240
Works of Art and Historical Treasures	218,000	-	-	218,000
Construction in Progress	11,326,346	35,910,687	7,332,397	39,904,636
Total Nondepreciable Capital Assets	\$ 54,560,586	\$ 35,910,687	\$ 7,332,397	\$ 83,138,876
Depreciable Capital Assets:				
Buildings	\$ 1,723,748,927	\$ 10,508,700	\$ -	\$ 1,734,257,627
Infrastructure and Other Improvements	83,485,132	246,856	-	83,731,988
Furniture and Equipment	258,675,346	18,397,765	9,402,181	267,670,930
Library Resources	159,171,446	6,222,666	-	165,394,112
Leasehold Improvements	25,245,285	829,763	5,897,784	20,177,264
Lease Assets (1)	-	184,735,600	-	184,735,600
Works of Art and Historical Treasures	1,677,354	-	-	1,677,354
Computer Software and Other Capital Assets	7,850,435	-	-	7,850,435
Total Depreciable Capital Assets	2,259,853,925	220,941,350	15,299,965	2,465,495,310
Less, Accumulated Depreciation:				
Buildings	624,826,084	53,060,639	-	677,886,723
Infrastructure and Other Improvements	40,567,922	2,518,254	-	43,086,176
Furniture and Equipment	221,048,818	16,427,014	6,894,657	230,581,175
Library Resources	128,637,346	5,238,579	-	133,875,925
Leasehold Improvement	14,064,800	1,387,771	3,757,241	11,695,330
Lease Assets (1)	-	14,719,467	-	14,719,467
Works of Art and Historical Treasures	1,448,874	64,726	-	1,513,600
Computer Software and Other Capital Assets	7,850,435	-	-	7,850,435
Total Accumulated Depreciation	1,038,444,279	93,416,450	10,651,898	1,121,208,831
Total Depreciable Capital Assets, Net	\$ 1,221,409,646	\$ 127,524,900	\$ 4,648,067	\$ 1,344,286,479

(1) Lease assets were added due to implementation of GASB Statement No. 87, *Leases*. Beginning balance was not restated.

9. Unearned Revenue

Unearned revenue at June 30, 2022, 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, 2022, the University reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Auxiliary Prepayments	15,821,171
Grant and Contracts	3,847,023
Student Tuition and Fees	10,761
Total Unearned Revenue	\$ 19,678,955

10. Deferred Outflow / Inflow of Resources

The deferred outflows and inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred outflows of resources related to pensions were \$86,028,604 and deferred inflows of resources related to pensions were \$176,804,832 for the year ended June 30, 2022. Note 12. includes a complete discussion of defined benefit pension plans.

The deferred outflows and inflows related to Other Postemployment Benefits (OPEB) are an aggregate of items related to OPEB as calculated in accordance with GASB Statement No. 75, *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. Total deferred outflows of resources related to OPEB were \$153,244,516 and deferred inflows of resources related to OPEB were \$156,221,084 for the year ended June 30, 2022. Note 11. includes a complete discussion of OPEB.

The deferred inflows related to leases as calculated in accordance with GASB Statement No. 87, *Leases*. Total deferred inflows of resources related to leases were \$56,650,693 for the year ended June 30, 2022. Note 6. includes a complete discussion of leases receivable.

The total deferred outflows of resources related to the deferred loss on debt refunding's were \$10,213,367 for the year ended June 30, 2022. The deferred loss was created as a result of the UCF Finance Corp debt refinancing and will be amortized as a component of interest expense over the remaining life of the UCF Finance Corporation's Series 2017 refunding term loan. Note 11. includes a complete discussion of the UCF Finance Corporation's debt refinancing.

11. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2022, include capital improvement debt payable, loans and notes payable, leases payable, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities. Long-term liabilities activity for the fiscal year ended June 30, 2022, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	\$ 88,024,530	\$ 50,215,718	\$ 57,303,128	\$ 80,937,120	\$ 5,835,000
Loans and Notes Payable	57,273,193	-	4,276,193	52,997,000	2,750,000
Leases Payable (1)	-	184,744,237	13,811,114	170,933,123	13,481,820
Compensated Absences Payable	64,572,888	5,843,695	7,476,198	62,940,385	5,891,268
Other Postemployment Benefits Payable	391,512,085	342,385,547	323,350,872	410,546,760	7,182,994
Net Pension Liability	347,916,021	65,976,241	303,774,474	110,117,788	340,913
Other Noncurrent Liabilities	3,682,483	1,147,008	2,868,265	1,961,226	-
Total Long-Term Liabilities	\$ 952,981,200	\$ 650,312,446	\$ 712,860,244	\$ 890,433,402	\$ 35,481,995

(1) Amount includes both leases payable with external parties and with discretely presented component units.

Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2022:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2018A - Housing	\$ 23,255,000	\$ 17,167,809	5	2030
2021A - Housing	42,815,000	51,212,398	2 to 5	2042
Total Student Housing Debt	66,070,000	68,380,207		
Parking Garage Debt:				
2012A - Parking Garage	7,860,000	4,991,845	3 to 5	2032
2018A - Parking Garage	4,790,000	1,896,550	5	2024
2019A - Parking Garage	6,120,000	5,668,518	5	2029
Total Parking Garage Debt	18,770,000	12,556,913		
Total Capital Improvement Debt	\$ 84,840,000	\$ 80,937,120		

(1) Amount outstanding includes unamortized discounts and premiums.

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and various student fee assessments to repay \$84,840,000 in capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student housing and parking garages. The bonds are payable solely from housing rental revenues and parking and transportation fees and are payable through 2042. The University has committed to appropriate each year from the housing rental income, traffic and parking fees, and special student fee assessments, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$88,747,319 and principal and interest paid for the current year totaled \$9,826,418. During the 2021-22 fiscal year, operating revenues generated from housing rentals and parking revenues totaled \$28,734,206 and \$21,583,433, respectively.

On August 12, 2021, the Florida Board of Governors issued \$42,815,000 of University of Central Florida's Capital Improvement Dormitory Revenue Refunding Bonds, Series 2021A, with a net premium of \$7,400,718. The bonds will mature on July 1, 2042, and carry coupons ranging from 2 percent to 5 percent. The University's proceeds from the refunding bonds, \$50,215,718 plus \$647,008 of sinking funds were used to defease \$49,445,000 of the outstanding Capital Improvement Dormitory Revenue Bonds, Series 2012A. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$11,431,951 over the next 20 years and obtained an economic gain of \$9,772,699.

In the event of default, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. In any event of default, the bonds are not subject to any acceleration clauses.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2022, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,835,000	\$ 2,904,263	\$ 8,739,263
2024	6,125,000	2,611,613	8,736,613
2025	5,485,000	2,304,238	7,789,238
2026	5,755,000	2,033,288	7,788,288
2027	6,045,000	1,748,638	7,793,638
2028-2032	21,140,000	5,037,063	26,177,063
2033-2037	8,975,000	1,890,213	10,865,213
2038-2042	10,295,000	563,003	10,858,003
Subtotal	69,655,000	19,092,319	88,747,319
Net Discounts and Premiums	11,282,120	-	11,282,120
Total	<u>\$ 80,937,120</u>	<u>\$ 19,092,319</u>	<u>\$ 100,029,439</u>

Loans and Note Payable. During the 2017-18 fiscal year, one of the University's blended component units, the UCF Finance Corporation (Corporation), issued a \$63,359,000 Refunding Term Loan, Series 2017, with a bank. The proceeds from the term loan were used to extinguish the Corporation's Series 2007 bonds and terminate an interest rate swap liability. The loan will mature on July 1, 2037, and bear interest at a fixed rate of 2.4 percent per annum with a 15-year interest put option. The loan is secured by the University's indirect cost revenues received by the University from Federal, State, and private grants.

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, where 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 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 term loan.

In the event of default, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. In any event of default, the loan is not subject to any acceleration clauses.

During the 2017-18 fiscal year, the Corporation entered into a note with a bank for up to \$20,000,000 to secure the construction commitments for a new University Downtown campus education facility. The note is secured by an assignment of philanthropic pledges received by the UCF Foundation and the outstanding balance on the note cannot exceed the total pledges receivable. Payments are made on an annual basis on March 8 of each year beginning March 8, 2020. The note bears a variable rate of interest equal to a per annum rate of 81 percent multiplied by the sum of the LIBOR plus 0.50 percent and is subject to adjustment to reflect changes in the LIBOR Rate. As of June 30, 2022, the note was paid off ahead of the final maturity date of March 8, 2023.

Annual requirements to amortize the outstanding term loans as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 2,750,000	\$ 1,238,928	\$ 3,988,928
2024	2,816,000	1,172,136	3,988,136
2025	2,885,000	1,103,724	3,988,724
2026	2,955,000	1,033,644	3,988,644
2027	3,027,000	961,860	3,988,860
2028-2032	16,274,000	3,670,008	19,944,008
2033-2037	18,349,000	1,594,980	19,943,980
2038	3,941,000	47,292	3,988,292
Total	\$ 52,997,000	\$ 10,822,572	\$ 63,819,572

Leases Payable. The University follows GASB Statement No. 87, *Leases*. Space and equipment are leased from external parties and the University's discretely presented component units for various terms under long-term, non-cancelable agreements. The leases expire at various dates and provide renewal options ranging from 1 to 25 years. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the treasury rate, factoring in the University's tax status and bond rating. The University does not have any leases subject to a residual value guarantee. Future commitments for remaining leases payable as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Total	Non-Component Units		Component Units	
		Principal	Interest	Principal	Interest
2023	\$ 14,982,874	\$ 3,059,890	\$ 779,443	\$ 10,421,930	\$ 721,611
2024	14,842,755	2,502,741	723,937	11,076,023	540,054
2025	12,214,393	2,490,663	677,372	8,654,407	391,951
2026	8,442,248	2,369,084	632,988	5,115,308	324,868
2027	7,815,633	1,756,076	592,934	5,163,431	303,192
2028-2032	34,326,746	7,869,447	2,517,586	22,677,682	1,262,031
2033-2037	26,535,003	2,799,103	1,950,281	20,800,117	985,502
Thereafter	70,243,786	13,914,925	4,661,457	50,262,296	1,405,108
Total Minimum Lease Payments	\$ 189,403,438	\$ 36,761,929	\$ 12,535,998	\$ 134,171,194	\$ 5,934,317

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, 2022, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$62,940,385. The current portion of the compensated absences liability, \$5,891,268, is the amount expected to be paid in the coming fiscal year and is based on actual payouts over the last 3 years calculated as a percentage of those years' total compensated absences liability.

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

General Information about the OPEB Plan

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

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

Proportionate Share of the Total OPEB Liability

The University’s proportionate share of the total OPEB liability of \$410,546,760 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. At June 30, 2021, the University’s proportionate share, determined by its proportion of total benefit payments made, was 3.894895289 percent, which was an increase of 0.090129828 from its proportionate share reported as of June 30, 2020.

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

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	2.18 percent
Healthcare cost trend rates	
PPO Plan	7.95 percent for 2022, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
HMO Plan	6.02 percent for 2022, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the S&P Municipal 20-year High Grade Rate Index.

Mortality rates were based on the PUB-2010 mortality tables which incorporate fully generational mortality improvement using Scale MP-2018.

The demographic actuarial assumptions for retirement, withdrawal, disability and salary merit scales used in the July 1, 2021, valuation are consistent with the assumptions used in the July 1, 2020, valuation of the FRS Plan.

The following changes have been made since the prior valuation:

- The discount rate was updated to utilize the mandated discount rate based on a 20-year Standard & Poor's Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate decreased from 2.66 percent to 2.18 percent.
- Retirement rates were updated based on those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019, with certain adjustments made to reflect the difference in the underlying populations. 60 percent of DSGI employees are assumed to become eligible for the Deferred Retirement Option Program (DROP), while remaining 40 percent are assumed to participate in plans which do not offer DROP benefits. Rates were previously those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change decreased the Total OPEB Liability by about 7 percent as of the valuation date.
- Termination rates were updated to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 3 percent as of the valuation date.
- The disability rates were updated to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 0.5 percent as of the valuation date.
- The salary increase rates were updated to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Previously, rates were those used in the Milliman's actuarial valuation of FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 0.2 percent as of the valuation date.
- Most actively employed participants in the Plan are health plan subscribers. Those participants are assumed to continue their current health coverage into retirement at a rate of 47 percent. For those who are not currently covered under the health plan, 3.7 percent are assumed to elect medical coverage in retirement. The resulting overall participation rate is 43 percent. Previously,

the overall participation rate was 50 percent. This change resulted in an 8 percent decrease in the Total OPEB Liability as of the valuation date.

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.18 percent) or 1 percentage point higher (3.18 percent) than the current rate:

	<u>1% Decrease (1.18%)</u>	<u>Current Discount Rate (2.18%)</u>	<u>1% Increase (3.18%)</u>
University's proportionate share of the total OPEB liability	\$517,876,316	\$410,546,760	\$330,237,195

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
University's proportionate share of the total OPEB liability	\$318,561,544	\$410,546,760	\$538,540,053

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

For the fiscal year ended June 30, 2022, the University recognized OPEB expense of \$25,445,687. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 19,514,036
Change of assumptions or other inputs	44,154,421	135,967,796
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	101,779,434	739,252
Transactions subsequent to the measurement date	7,310,661	-
Total	<u>\$ 153,244,516</u>	<u>\$ 156,221,084</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$7,310,661 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be

included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ (6,021,289)
2024	(6,021,289)
2025	(6,021,289)
2026	(6,021,289)
2027	(6,021,289)
Thereafter	<u>19,819,216</u>
Total	<u><u>\$(10,287,229)</u></u>

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2022, the University's proportionate share of the net pension liabilities totaled \$110,117,788. Note 12. includes a complete discussion of defined benefit pension plans.

Other Noncurrent Liabilities. Other noncurrent liabilities primarily consist of the liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan Program. 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 \$1,960,936 as of June 30, 2022.

Certificate of Participation Payable and Bonds Payable – Component Units.

UCF Convocation Corporation

During the 2013-14 and 2014-15 fiscal years, the UCF Convocation Corporation issued two refunding certificates of participation, Series 2014A for \$58,645,000, and Series 2014B for \$58,930,000 related to the construction of four residential housing towers, two adjacent parking facilities, and certain surrounding commercial retail space during the 2004-05 and 2005-06 fiscal years. During the 2018-19 fiscal year, UCF Convocation Corporation issued \$104,636,000 Refunding Revenue Bonds, Series 2018 to prepay the outstanding Series 2014A and Series 2014B certificates of participation. The bonds will mature on October 1, 2035, and bears interest at a fixed rate of 3.52 percent per annum. On June 1, 2022, an interest modification occurred to lower the interest rate to 2.82 percent per annum, commencing October 1, 2022. The extinguishment of the defeased certificates terminated the ground lease between the UCF Convocation Corporation and the University. All related building and building improvement assets on the leased land transferred to the University.

During the 2015-16 fiscal year, the UCF Convocation Corporation issued a \$48,385,000 Refunding Revenue Bond, Series 2015A, and a \$34,775,000 Taxable Refunding Revenue Bond, Series 2015B, related to the acquisition, construction, and installation of a new convocation center, renovation of the existing University Arena, and construction of related infrastructure during the 2005-06 fiscal year. The 2015A bonds will mature on October 1, 2035, and bear interest at fixed rates ranging from 3 to 5 percent

per annum and the 2015B bonds will mature on October 1, 2026, and bear interest at fixed rates ranging from 2 to 4.3 percent per annum.

The outstanding balance of UCF Convocation Corporation revenue bonds at June 30, 2022, was \$85,970,000 related to direct borrowings and was \$63,910,000 related to non-direct borrowings before an unamortized premium of \$749,732.

With the Refunding Revenue Bonds debt issuances, in the event either party fails to perform the covenants and obligations provided in the respective debt agreements, and such failure continues for a period of 30 days following written notice from the other party, such failure shall constitute a default under the terms and provisions of the agreements. In the event of default, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. In any event of default, the Refunding Revenue Bonds are not subject to any acceleration clauses.

The University entered into an operating agreement with the UCF Convocation Corporation whereby the UCF Convocation Corporation will be solely responsible for management and operations of the convocation center and related facilities. The University assigned its rights, title, and interest in revenues generated from use of the facilities to the UCF Convocation Corporation and granted it the right to pledge revenues to secure repayment of the refunding revenue bonds. The University retained the right for priority use of the facilities for a period of at least 100 days annually. In exchange, the University agreed to pay UCF Convocation Corporation \$2,200,000 per year for the term of the agreement. The term of the agreement ends in 2036 and cannot be terminated prior to the time that all related bonds have been paid in full. Amounts paid to UCF Convocation Corporation for the fiscal year ended June 30, 2022, totaled \$2,200,000.

The University entered into a support agreement with the UCF Convocation Corporation such that it will fund certain deficiencies that may arise in the event the corporation is unable to make the minimum payments on the certificates or bonds. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts. In the event of certain deficiencies for debt service coverage requirements or reserve account shortfalls, the University agrees to defer collecting certain expenditures to cover any such deficiencies. The University is obligated only to the extent that it has legally available revenues to cover the unpaid amounts.

In the 2020-21 fiscal year, the UCF Convocation Corporation met requirements necessary to release certain restricted funds held by the trustee. The Corporation's governing board made the decision to remit a portion of these funds back to the University. Transfers to the University totaled \$583,580 for the fiscal year ended June 30, 2022.

UCF Stadium Corporation

During the 2015-16 fiscal year, the UCF Stadium Corporation issued Series 2015A tax-exempt refunding revenue bonds for \$33,995,000 with a net premium of \$2,332,576, Series 2015B taxable refunding revenue bonds for \$10,250,000, and a Series 2015C non-taxable refunding revenue bond for \$3,810,000, to a bank, related to the construction of a football stadium on the campus at the University. The bonds include both term and serial bonds and are secured by a pledge from the UCF Athletics Association, Inc. of gross ticket revenues, rent, away game guarantees, conference distributions, and sponsorship

revenues. The bonds bear fixed interest rates that range from 2.49 percent to 5.15 percent, and maturity dates that range from March 2029 to March 2036.

The outstanding balance of all UCF Stadium Corporation revenue bonds at June 30, 2022, was \$36,047,000, including \$1,672,000 of direct borrowings, before an unamortized premium of \$1,574,249.

The University entered into a support agreement with the UCF Stadium 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. In addition, if the Corporation has deficiencies for debt service coverage or reserve account shortfalls, the University agrees to transfer funds to cover any such deficiencies. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts.

With each of the UCF Stadium Corporation's debt issuances, in the event either party fails to perform the covenants and obligations provided in the respective debt agreements, and such failure continues for a period of 30 days following written notice from the other party, such failure shall constitute a default under the terms and provisions of the agreements. In the event of default, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. In any event of default, the UCF Stadium Corporation's debt is not subject to any acceleration clauses.

Loans and Notes Payable – Component Units.

UCF Foundation, Inc.

During the 2004-05 fiscal year, the University of Central Florida Foundation, Inc. entered into a note with a bank for the purchase of land and buildings. The note is secured by the buildings valued at \$6,072,206 and lease revenues. In May 2017, the note was refinanced to a 3.34 percent fixed rate. The principal balance at the time of the refinance was \$7,535,000 with the note still maturing on April 1, 2029. As of June 30, 2022, the remaining outstanding principal was \$4,757,000.

During the 2009-10 fiscal year, the University of Central Florida Foundation, Inc. entered into a note with a bank for \$19,925,000. The note is comprised of a tax-exempt portion with a fixed rate of 4.96 percent and a taxable portion with a fixed rate of 5.83 percent which matures on October 1, 2025. The note is secured by buildings valued at \$12,264,572 and lease revenue. As of June 30, 2022, the taxable note was fully repaid and the remaining outstanding principal for the tax-exempt note was \$6,756,000. The taxable series was paid in full during the 2017-18 fiscal year.

During the 2018-19 fiscal year, the University of Central Florida Foundation, Inc. entered into a \$50,000,000 30-year interest free and tax-exempt note with Orange County, Florida for the purchase of a building and related land. The note is secured by a mortgage on the land, a building valued at \$46,689,000, and the lease revenue generated has been pledged for debt repayment. The maturity date of the loan is the thirtieth anniversary of the first principal payment date. As of June 30, 2022, the remaining outstanding principal was \$47,500,000.

During the 2018-19 fiscal year, the University of Central Florida Foundation, Inc. entered into a 20-year tax-exempt note with a bank for \$6,000,000 for the purchase of a building and related land. The note matures on October 1, 2038, at a fixed rate of 3.93 percent. The purchased property, valued at

\$5,919,395, represents security for the loan, and lease revenues generated from this building have been pledged for debt repayment. As of June 30, 2022, the remaining outstanding principal was \$5,307,000.

In the event of default of the notes, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. The notes are subject to acceleration if the lender reasonably deems itself insecure for any reason.

UCF Athletics Association, Inc.

During the 2014-15 fiscal year, the UCF Athletics Association, Inc. modified a construction line of credit with a local bank to a line of credit promissory note. The note matures June 2033, and the repayment schedule assumes the agreement is renewed annually. If the agreement is not renewed, the entire balance will be due in full at that time. In July 2020, the UCF Athletics Association, Inc. renewed the agreement until July 2033, which carries interest at 79 percent of LIBOR plus 1.34 percent (1.93 percent at June 30, 2022). The note is secured by an amount not to exceed 5 percent of the prior year's collection of student athletic fees and conference payments from the American Athletic Conference. In the event of default, the lender may declare the loan and all obligations to be fully due and payable in their aggregate amount, together with accrued interest and all prepayment premiums, fees, and charges. The note is subject to acceleration if the lender reasonably deems itself insecure for any reason. As of June 30, 2022, the amount outstanding on the note was \$4,775,000.

During the 2019-20 fiscal year, the UCF Athletics Association, Inc. entered into a direct borrowing loan from a financial institution in the amount of \$8,550,000 to complete the buildout of phase two of the Roth Athletics Center located on the UCF campus. Principal payments are required by September 1 each year to reduce the loan balance to an agreed-upon amount negotiated annually. Interest on the loan is payable semi-annually at a fixed interest rate of 2 percent. The loan matures September 1, 2024, and is secured by certain pledged revenues of the Association. As of June 30, 2022, the total loan outstanding amount was \$5,392,000.

On December 18, 2020, the UCF Athletics Association, Inc. entered into an 18-month revolving line of credit with the UCF Foundation, Inc. for \$4 million. On September 10, 2021, (the Amendment Date) the Foundation amended the terms of the line to assist with expenses related to transitioning athletics conferences and increased the amount of the line to \$10 million. The line bears simple interest at 3 percent per annum and matures in 3 years from the Amendment Date and may be renewed for up to two additional 12-month periods, upon agreement by all parties. As of June 30, 2022, the total principal amount of outstanding on the line was \$9 million.

Due to University – Component Units.

Four of its component units reported moneys due to the University totaling \$6,617,648. The UCF Athletics Association, Inc. received several loans from the University between 2004 and 2007. In 2009, those loans were consolidated into one loan. In July 2015, the Board of Trustees approved an amendment to the previous payment schedule. The 2020-21 fiscal year loan payment was deferred for two fiscal years and future years' payments range from \$1,000,000 to \$1,528,000, contingent on interest rates. The loan matures in the 2026-27 fiscal year and bears interest at a variable rate equal to the preceding fiscal year's average SPIA rate of return (1.61 percent for the 2021-22 fiscal year interest

calculations). In the event of a default, after 30 days the entire principal sum and accrued interest becomes due at the option of the University and the interest rate shall increase to the highest rate allowable under Florida law. As of June 30, 2022, the amount outstanding, including interest, totaled \$5,447,178.

12. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

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

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

The University's FRS and HIS pension expense totaled \$6,777,976 for the fiscal year ended June 30, 2022.

FRS Pension Plan

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after

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

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

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-22 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	10.82
FRS, Senior Management Service	3.00	29.01
FRS, Special Risk	3.00	25.89
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	18.34
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The University's contributions to the Plan totaled \$27,577,192 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the University reported a liability of \$46,158,515 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The University's proportionate share of the net pension liability was based on the University's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the University's proportionate share was 0.611058374 percent, which was a decrease of 0.037311349 from its proportionate share measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized pension expense of \$1,106,772. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,911,643	\$ -
Change of assumptions	31,583,944	-
Net difference between projected and actual earnings on FRS Plan investments	-	161,035,457
Changes in proportion and differences between University contributions and proportionate share of contributions	5,846,301	10,621,048
University FRS contributions subsequent to the measurement date	27,577,192	-
Total	\$ 72,919,080	\$ 171,656,505

The deferred outflows of resources totaling \$27,577,192, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ (20,971,276)
2024	(25,253,145)
2025	(34,446,063)
2026	(44,474,436)
2027	(1,169,697)
Total	\$ (126,314,617)

Actuarial Assumptions. The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate (Property)	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.2%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2021 valuation was unchanged from the previous valuation.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	<u>1% Decrease (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase (7.80%)</u>
University's proportionate share of the net pension liability	\$206,423,973	\$46,158,515	\$(87,805,438)

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a

State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled \$3,194,911 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the University reported a liability of \$63,959,273 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within 1 year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and update procedures were used to determine the net pension liability as of June 30, 2021. The University's proportionate share of the net pension liability was based on the University's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the University's proportionate share was 0.521414055 percent, which was a decrease of 0.026529603 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the University recognized pension expense of \$5,671,204. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,140,239	\$ 26,789
Change of assumptions	5,025,767	2,635,285
Net difference between projected and actual earnings on HIS Plan investments	66,676	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	2,681,931	2,486,253
University HIS contributions subsequent to the measurement date	3,194,911	-
Total	\$ 13,109,524	\$ 5,148,327

The deferred outflows of resources totaling \$3,194,911, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the

fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ 1,963,691
2024	695,123
2025	714,855
2026	872,551
2027	513,986
Thereafter	6,080
Total	\$ 4,766,286

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.16 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 2.16 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2021 valuation was updated from 2.21 percent to 2.16 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 2.16 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
University's proportionate share of the net pension liability	\$73,943,115	\$63,959,273	\$55,779,747

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

13. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2021-22 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution,

leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The University's Investment Plan pension expense totaled \$6,820,750 for the fiscal year ended June 30, 2022.

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 4.19 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 9.34 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled \$24,616,863, and employee contributions totaled \$12,703,076 for the 2021-22 fiscal year.

14. Construction Commitments

The University's major construction commitments at June 30, 2022, were as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Biological Sciences	\$ 7,802,537	\$ 545,222	\$ 7,257,315
Library	14,339,908	9,531,861	4,808,047
Student Union Roof	2,111,647	40,926	2,070,721
Arts Complex Phase 1	2,162,822	514,326	1,648,496
Performing Arts Phase 2	1,636,366	55,754	1,580,612
Downtown CEM Rooftop AHU	4,455,299	2,982,348	1,472,951
Com & Media	2,007,913	547,588	1,460,325
Downtown CEM	3,186,543	1,952,957	1,233,586
Subtotal	37,703,035	16,170,982	21,532,053
Other Projects (1)	31,792,831	23,733,654	8,059,177
Total	\$ 69,495,866	\$ 39,904,636	\$ 29,591,230

(1) Individual projects with a current balance committed of less than \$1 million at June 30, 2022.

15. State Self-Insurance Program

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2021-22 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 \$57.5 million for named windstorm and flood through February 14, 2022, and decreased to \$56.3 million starting February 15, 2022. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$167.5 million through February 14, 2022, and increased to \$168.7 million starting February 15, 2022; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

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

16. University Self-Insured 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 Professions and Sciences (previously included in the 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. The Program is distinct from and entirely independent of the self-insurance programs administered by the State described in Note 15.

The University is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Program also provides \$1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; \$250,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; \$250,000 per claim protection for participants who engage in approved community service and act as Good Samaritans; and student protections of \$200,000 for a claim arising from an occurrence for any one person, \$300,000 for all claims arising from an occurrence and professional liability required by a hospital or other healthcare facility for educational purposes not to exceed a per occurrence limit of \$1,000,000.

The 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 Program during the 2020-21 and 2021-22 fiscal years are presented in the following table:

Fiscal Year	Claims Liabilities Beginning of Year	Current Claims and Changes in Estimates	Claims Payments	Claims Liabilities End of Year
2020-21	\$ 1,035,081	\$ 549,775	\$ (181,482)	\$ 1,403,374
2021-22	1,403,374	528,378	(140,557)	1,791,195

17. Litigation

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

18. Functional Distribution of Operating Expenses

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 405,373,908
Research	173,588,382
Public Services	22,352,724
Academic Support	121,657,200
Student Services	51,468,406
Institutional Support	110,944,928
Operation and Maintenance of Plant	57,834,449
Scholarships, Fellowships, and Waivers	215,991,818
Depreciation	93,416,450
Auxiliary Enterprises	84,515,768
Total Operating Expenses	\$ 1,337,144,033

19. 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, deferred outflows of resources, liabilities, and deferred inflows of resources are required to be accounted for separately. The following financial information for the University's Housing and Parking facilities represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	<u>Housing Capital Improvement Debt</u>	<u>Parking Capital Improvement Debt</u>
Assets		
Current Assets	\$ 16,073,259	\$ 27,095,383
Capital Assets, Net	76,671,075	62,771,373
Other Noncurrent Assets	10,440,439	7,951,244
Total Assets	103,184,773	97,818,000
Liabilities		
Current Liabilities	6,846,653	2,064,553
Noncurrent Liabilities	64,400,206	10,701,914
Total Liabilities	71,246,859	12,766,467
Net Position		
Net Investment in Capital Assets	8,290,869	46,178,719
Restricted - Expendable	9,861,315	9,204,933
Unrestricted	13,785,730	29,667,881
Total Net Position	\$ 31,937,914	\$ 85,051,533

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

	Housing Capital Improvement Debt	Parking Capital Improvement Debt
	<u> </u>	<u> </u>
Operating Revenues	\$ 29,043,900	\$ 21,583,433
Depreciation Expense	(4,432,454)	(3,237,807)
Other Operating Expenses	(16,731,042)	(12,981,738)
Operating Income	<u>7,880,404</u>	<u>5,363,888</u>
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	685,545	1,407,548
Interest Expense	(1,971,500)	(327,707)
Other Nonoperating Expense	(444,492)	(4,141)
Net Nonoperating Revenues (Expenses)	<u>(1,730,447)</u>	<u>1,075,700</u>
Other Revenues, Expenses, Gains and Losses	6,704,247	6,232,559
Increase in Net Position	12,854,204	12,672,147
Net Position, Beginning of Year	<u>19,083,710</u>	<u>72,379,386</u>
Net Position, End of Year	<u><u>\$ 31,937,914</u></u>	<u><u>\$ 85,051,533</u></u>

Condensed Statement of Cash Flows

	Housing Capital Improvement Debt	Parking Capital Improvement Debt
	<u> </u>	<u> </u>
Net Cash Provided (Used) by:		
Operating Activities	\$ 11,934,118	\$ 8,824,448
Noncapital Financing Activities	6,803,756	5,739,061
Capital and Related Financing Activities	(7,932,851)	(2,841,055)
Investing Activities	(7,220,188)	(6,960,940)
Net Increase in Cash and Cash Equivalents	3,584,835	4,761,514
Cash and Cash Equivalents, Beginning of Year	<u>727,926</u>	<u>1,137,535</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,312,761</u></u>	<u><u>\$ 5,899,049</u></u>

20. Blended Component Units

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

Condensed Statement of Net Position

	Blended Component Units			University	Eliminations	Total Primary Government
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units			
Assets:						
Other Current Assets	\$ 3,394,134	\$ 12,115,814	\$ 15,509,948	\$ 684,924,544	\$ -	\$ 700,434,492
Capital Assets, Net	-	-	-	1,427,425,355	-	1,427,425,355
Due From University / Blended CU	40,171,657	-	40,171,657	-	(40,171,657)	-
Other Noncurrent Assets	-	-	-	128,924,155	-	128,924,155
Total Assets	43,565,791	12,115,814	55,681,605	2,241,274,054	(40,171,657)	2,256,784,002
Deferred Outflows of Resources	10,213,367	-	10,213,367	239,273,120	-	249,486,487
Liabilities:						
Other Current Liabilities	3,385,964	1,815,149	5,201,113	136,320,522	-	141,521,635
Due to University/Blended CU	-	-	-	40,171,657	(40,171,657)	-
Noncurrent Liabilities	50,247,000	-	50,247,000	804,704,408	-	854,951,408
Total Liabilities	53,632,964	1,815,149	55,448,113	981,196,587	(40,171,657)	996,473,043
Deferred Inflows of Resources	-	-	-	389,676,609	-	389,676,609
Net Position:						
Net Investment in Capital Assets	-	-	-	1,141,678,510	-	1,141,678,510
Restricted - Expendable	146,194	10,300,665	10,446,859	139,601,587	-	150,048,446
Unrestricted	-	-	-	(171,606,119)	-	(171,606,119)
Total Net Position	\$ 146,194	\$ 10,300,665	\$ 10,446,859	\$ 1,109,673,978	\$ -	\$ 1,120,120,837

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Blended Component Units			University	Eliminations	Total Primary Government
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units			
Operating Revenues	\$ -	\$ 2,378,087	\$ 2,378,087	\$ 569,438,525	\$ (2,378,087)	\$ 569,438,525
Depreciation Expense	-	-	-	(93,416,450)	-	(93,416,450)
Other Operating Expenses	(19,259)	(1,053,362)	(1,072,621)	(1,242,655,773)	811	(1,243,727,583)
Operating Income (Loss)	(19,259)	1,324,725	1,305,466	(766,633,698)	(2,377,276)	(767,705,508)
Nonoperating Revenues (Expenses):						
Nonoperating Revenue	3,296,113	(1,154,647)	2,141,466	836,966,568	(1,858,589)	837,249,445
Interest Expense	(1,947,556)	-	(1,947,556)	(3,972,008)	-	(5,919,564)
Other Nonoperating Expense	-	-	-	(87,085,015)	4,235,865	(82,849,150)
Net Nonoperating Revenues (Expenses)	1,348,557	(1,154,647)	193,910	745,909,545	2,377,276	748,480,731
Other Revenues	-	-	-	10,814,245	-	10,814,245
Increase (Decrease) in Net Position	1,329,298	170,078	1,499,376	(9,909,908)	-	(8,410,532)
Net Position, Beginning of Year	(1,183,104)	10,130,587	8,947,483	1,119,547,896	-	1,128,495,379
Adjustment to Beginning Net Position (1)	-	-	-	35,990	-	35,990
Net Position, Beginning of Year, as Restated	(1,183,104)	10,130,587	8,947,483	1,119,583,886	-	1,128,531,369
Net Position, End of Year	\$ 146,194	\$ 10,300,665	\$ 10,446,859	\$ 1,109,673,978	\$ -	\$ 1,120,120,837

(1) Adjustment due to implementing GASB Statement No. 87, Leases.

Condensed Statement of Cash Flows

	<u>Blended Component Units</u>			<u>University</u>	<u>Eliminations</u>	<u>Total Primary Government</u>
	<u>UCF Finance Corporation</u>	<u>University of Central Florida College of Medicine Self-Insurance Program</u>	<u>Total Blended Component Units</u>			
Net Cash Provided (Used) by:						
Operating Activities	\$ (19,259)	\$ 1,817,440	\$ 1,798,181	\$ (679,100,476)	\$ (2,382,922)	\$ (679,685,217)
Noncapital Financing Activities	-	-	-	770,121,661	6,599,369	776,721,030
Capital and Related Financing Activities	(35,325)	-	(35,325)	(72,325,283)	(4,216,447)	(76,577,055)
Investing Activities	88,335	(1,686,313)	(1,597,978)	14,333,916	-	12,735,938
Net Increase in Cash and Cash Equivalents	33,751	131,127	164,878	33,029,818	-	33,194,696
Cash and Cash Equivalents, Beginning of Year	3,360,383	1,147,438	4,507,821	19,479,472	-	23,987,293
Cash and Cash Equivalents, End of Year	\$ 3,394,134	\$ 1,278,565	\$ 4,672,699	\$ 52,509,290	\$ -	\$ 57,181,989

21. Discretely Presented Component Units

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

Condensed Statement of Net Position

	Direct-Support Organizations				
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation
Assets:					
Current Assets	\$ 38,120,615	\$ 30,392,831	\$ 31,196,715	\$ 25,840,120	\$ 5,630,829
Capital Assets, Net	127,731,978	-	65,024,927	348,615	-
Other Noncurrent Assets	418,002,623	110,607	137,259	12,026,265	24,084,186
Total Assets	583,855,216	30,503,438	96,358,901	38,215,000	29,715,015
Deferred Outflows of Resources	-	-	-	3,423,476	523,084
Liabilities:					
Current Liabilities	5,864,340	17,564,101	15,598,824	13,932,484	5,222,683
Noncurrent Liabilities	60,579,616	-	60,086,065	142,254,733	35,507,249
Total Liabilities	66,443,956	17,564,101	75,684,889	156,187,217	40,729,932
Deferred Inflows of Resources	114,076,652	-	-	10,949,112	25,453,537
Net Position:					
Net Investment in Capital Assets	63,411,978	-	25,332,867	348,615	-
Restricted Nonexpendable	150,905,487	-	-	-	-
Restricted Expendable	109,097,882	2,974,484	10,703,979	15,096,449	-
Unrestricted	79,919,261	9,964,853	(15,362,834)	(140,942,917)	(35,945,370)
Total Net Position	\$ 403,334,608	\$ 12,939,337	\$ 20,674,012	\$ (125,497,853)	\$ (35,945,370)

UCF Academic Health, Inc.	Total Direct-Support Organizations	Other	
		Central Florida Clinical Practice Organization Inc.	Total
\$ 1,439,231	\$ 132,620,341	\$ 10,322,752	\$ 142,943,093
48,333,333	241,438,853	145,805	241,584,658
46,509,118	500,870,058	-	500,870,058
96,281,682	874,929,252	10,468,557	885,397,809
-	3,946,560	-	3,946,560
2,127,571	60,310,003	556,660	60,866,663
45,500,000	343,927,663	-	343,927,663
47,627,571	404,237,666	556,660	404,794,326
32,885,333	183,364,634	-	183,364,634
-	89,093,460	145,805	89,239,265
-	150,905,487	-	150,905,487
-	137,872,794	-	137,872,794
15,768,778	(86,598,229)	9,766,092	(76,832,137)
<u>\$ 15,768,778</u>	<u>\$ 291,273,512</u>	<u>\$ 9,911,897</u>	<u>\$ 301,185,409</u>

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

	Direct-Support Organizations				
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation
Operating Revenues	\$ 26,270,779	\$ 17,883,503	\$ 68,963,267	\$ 33,404,482	\$ 3,453,092
Depreciation Expense	(3,071,495)	-	(3,863,332)	(189,803)	-
Operating Expenses	(53,702,518)	(17,804,637)	(65,366,128)	(16,130,011)	(910,301)
Operating Income (Loss)	(30,503,234)	78,866	(266,193)	17,084,668	2,542,791
Net Nonoperating Revenues (Expenses):					
Nonoperating Revenues	11,850,266	2,350,591	18,092,709	269,403	1,172,499
Interest Expense	-	-	(1,282,185)	(6,049,723)	(1,493,284)
Other Nonoperating Expenses	(34,780)	-	-	(583,580)	-
Net Nonoperating Revenues (Expenses)	11,815,486	2,350,591	16,810,524	(6,363,900)	(320,785)
Other Revenues, Expenses, Gains, and Losses	8,421,165	-	(15,986,858)	-	-
Increase (Decrease) in Net Position	(10,266,583)	2,429,457	557,473	10,720,768	2,222,006
Net Position, Beginning of Year	411,724,169	10,509,880	20,116,539	(136,218,621)	(38,167,376)
Adjustment to Beginning Net Position (1)	1,877,022	-	-	-	-
Net Position, Beginning of Year, as Restated	413,601,191	10,509,880	20,116,539	(136,218,621)	(38,167,376)
Net Position, End of Year	\$ 403,334,608	\$ 12,939,337	\$ 20,674,012	\$ (125,497,853)	\$ (35,945,370)

(1) Adjusted beginning net position due to implementation of GASB Statement No. 87, *Leases*.

UCF Academic Health, Inc.	Total Direct-Support Organizations	Other	
		Central Florida Clinical Practice Organization Inc.	Total
\$ 3,579,269	\$ 153,554,392	\$ 8,862,435	\$ 162,416,827
(1,666,667)	(8,791,297)	(21,659)	(8,812,956)
(485,780)	(154,399,375)	(5,324,931)	(159,724,306)
1,426,822	(9,636,280)	3,515,845	(6,120,435)
999,989	34,735,457	-	34,735,457
-	(8,825,192)	-	(8,825,192)
(1,795,033)	(2,413,393)	(207,654)	(2,621,047)
(795,044)	23,496,872	(207,654)	23,289,218
-	(7,565,693)	-	(7,565,693)
631,778	6,294,899	3,308,191	9,603,090
15,137,000	283,101,591	6,603,706	289,705,297
	1,877,022	-	1,877,022
15,137,000	284,978,613	6,603,706	291,582,319
\$ 15,768,778	\$ 291,273,512	\$ 9,911,897	\$ 301,185,409

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017
University's proportion of the total other postemployment benefits liability	3.894895289%	3.804765461%	3.159978606%	2.780000000%	2.780000000%
University's proportionate share of the total other postemployment benefits liability	\$ 410,546,760	\$ 391,512,085	\$ 399,997,974	\$ 293,333,000	\$ 300,512,000
University's covered-employee payroll	\$ 445,408,636	\$ 454,818,440	\$ 439,921,546	\$ 418,056,891	\$ 396,397,337
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	92.17%	86.08%	90.92%	70.17%	75.81%

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

	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>
University's proportion of the FRS net pension liability	0.611058374%	0.648369723%	0.654337567%	0.640568432%
University's proportionate share of the FRS net pension liability	\$ 46,158,515	\$ 281,012,993	\$ 225,344,748	\$ 192,942,532
University's covered payroll (2)	\$ 445,408,636	\$ 454,818,440	\$ 439,921,546	\$ 418,056,891
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	10.36%	61.79%	51.22%	46.15%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.40%	78.85%	82.61%	84.26%

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of University Contributions – Florida Retirement System Pension Plan

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
Contractually required FRS contribution	\$ 27,577,192	\$ 23,278,684	\$ 21,542,453	\$ 20,289,186
FRS contributions in relation to the contractually required contribution	<u>(27,577,192)</u>	<u>(23,278,684)</u>	<u>(21,542,453)</u>	<u>(20,289,186)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 458,781,389	\$ 445,408,636	\$ 454,818,440	\$ 439,921,546
FRS contributions as a percentage of covered payroll	6.01%	5.23%	4.74%	4.61%

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.596715076%	0.559865856%	0.538161499%	0.484303900%	0.360374086%
\$ 176,504,316	\$ 141,366,568	\$ 69,510,775	\$ 29,549,660	\$ 62,036,419
\$ 396,397,337	\$ 364,535,289	\$ 333,695,268	\$ 305,107,256	\$ 289,894,138
44.54%	38.78%	20.83%	9.69%	21.40%
83.89%	84.88%	92.00%	96.09%	88.54%

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
\$ 18,255,686	\$ 15,533,963	\$ 13,653,222	\$ 13,120,834	\$ 10,608,311
<u>(18,255,686)</u>	<u>(15,533,963)</u>	<u>(13,653,222)</u>	<u>(13,120,834)</u>	<u>(10,608,311)</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 418,056,891	\$ 396,397,337	\$ 364,535,289	\$ 333,695,268	\$ 305,107,256
4.37%	3.92%	3.75%	3.93%	3.48%

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

	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>
University's proportion of the HIS net pension liability	0.521414055%	0.547943658%	0.538876355%	0.532468436%
University's proportionate share of the HIS net pension liability	\$ 63,959,273	\$ 66,903,028	\$ 60,294,870	\$ 56,357,057
University's covered payroll (2)	\$ 179,946,356	\$ 187,973,508	\$ 167,822,905	\$ 167,400,707
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.54%	35.59%	35.93%	33.67%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.56%	3.00%	2.63%	2.15%

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

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

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
Contractually required HIS contribution	\$ 3,194,911	\$ 3,064,876	\$ 3,157,543	\$ 2,992,328
HIS contributions in relation to the contractually required HIS contribution	<u>(3,194,911)</u>	<u>(3,064,876)</u>	<u>(3,157,543)</u>	<u>(2,992,328)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 191,812,204	\$ 179,946,356	\$ 187,973,508	\$ 167,822,905
HIS contributions as a percentage of covered payroll	1.67%	1.70%	1.68%	1.78%

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

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

<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.529705387%	0.499690735%	0.469662225%	0.430757459%	0.415357381%
\$ 56,638,544	\$ 58,236,885	\$ 47,898,159	\$ 40,276,874	\$ 36,162,321
\$ 166,665,368	\$ 153,090,572	\$ 140,702,712	\$ 127,489,508	\$ 122,964,996
33.98%	38.04%	34.04%	31.59%	29.41%
1.64%	0.97%	0.50%	0.99%	1.78%

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
\$ 2,887,590	\$ 2,803,354	\$ 2,561,234	\$ 1,795,341	\$ 1,475,630
<u>(2,887,590)</u>	<u>(2,803,354)</u>	<u>(2,561,234)</u>	<u>(1,795,341)</u>	<u>(1,475,630)</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 167,400,707	\$ 166,665,368	\$ 153,090,572	\$ 140,702,712	\$ 127,489,508
1.72%	1.68%	1.67%	1.28%	1.16%

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

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

Changes of Assumptions. The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate decreased from 2.66 percent to 2.18 percent.

In addition, retirement, termination, disability, and salary scale increase rates were updated based on those used in Milliman's July 1, 2019, actuarial valuation of the Florida Retirement System. The retiree medical election percentage was also updated to align with plan experience from 2016 through 2020. Refer to Note 11. to the financial statements for further detail.

2. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of Assumptions. In 2021, the maximum amortization period was decreased to 20 years for all current and future amortization bases.

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

Changes of Assumptions. In 2021, the municipal rate used to determine total pension liability decreased from 2.21 percent to 2.16 percent.



Sherrill F. Norman, CPA
Auditor General

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 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, 2022, 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 2, 2023, 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.

Report on Internal Control Over Financial Reporting

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

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

a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 2, 2023



Board of Trustees

Budget and Finance Committee

Agenda Item

INFO-5: On-Campus Housing Rental Rates

Proposed Board Action

On-Campus Housing Rental Rates is presented to the committee as an information item. Consideration of this item is included on the Facilities and Infrastructure Committee's agenda for action at their June 28, 2023 meeting.

Authority for Board of Trustees Action

Board of Governors Regulation 1.001

UCF Board of Trustees Bylaws – Article II, Section 2.3

UCF Board of Trustees – Facilities and Infrastructure Committee Charter

Supporting Documentation Included

Executive Summary: On-Campus Housing Rental Rates

Attachment A: On-Campus Housing Proposed Rental Rates Per Semester and Managed Properties

Attachment B: 5-Year Proforma for Planning

Attachment C: Student Housing Rate Analysis

Facilitators/Presenters

Adrienne Frame, Vice President for Student Success and Well-Being



On-Campus Housing Rental Rates

EXECUTIVE SUMMARY

Objective

The UCF Housing experience should be a catalyst for student success, actively supporting the university's strategic student success objectives while also supporting UCF's goal of becoming a Top 50 Public Research University.

Because UCF on-campus housing rates have not been adjusted in more than a decade, a comprehensive plan is required to ensure the system is positioned to provide an outstanding student experience that serves as a catalyst for student success. To address ongoing facility maintenance, deferred maintenance and repairs, and service quality and to allow for adequate planning, a multi-year plan is recommended.

Summary of Key Observations/Recommendations

- This proposal implements a 5-year housing rental rate structure that gradually increases housing rates by a system weighted average of 4.5% in Fiscal Year 2023-2024 and by a system average of 4% annually until Fiscal Year 2027-2028.
- UCF Housing maintains highly competitive rates in relation to the off-campus student housing alternatives. The average monthly rent for UCF on-campus housing units ranges from \$600 - \$750 per month compared to \$1,186 per month for off-campus student housing.
- The additional resources generated will allow UCF Housing to increase spending on capital renewal and deferred maintenance projects. In FY2023-2024, UCF Housing will increase capital spending to \$7 million. Only \$3.5 million was budgeted in FY2022-2023.
- An external firm, Brailsford and Dunlavey (B&D), was engaged to review UCF's housing operations and assisted in developing a multi-year rental rate strategy based on market interest and student satisfaction levels.

Additional Background

UCF's department of Housing and Residence Life provides services to 7,582 students across 10 communities. Occupancy within these communities averages 99 to 100 percent annually in addition to experiencing a waitlist for students.

Because UCF has not increased rental rates on the main campus since 2012, UCF engaged B&D to complete an external review of UCF Housing and Residence Life's operations and financials to explore the status of our housing system.

In a previous update to the UCF BOT, B&D shared recommendations for reducing operating expenses to provide additional resources to fund critical and deferred maintenance needs across the university's housing portfolio. As a result of those recommendations, the department has already reduced operating expenses by more than \$2 million.

As the department of Housing and Residence Life continues to navigate rising expenses without addition revenue, the department's ability to stay on target with capital renewal projects has been impacted, resulting in an increase in deferred maintenance needs.

A renewed investment in our residential facilities will be crucial for meeting the expectations of our incoming students, as students and parents make institutional decisions based on where they live.

In consultation with B&D, UCF developed a rental rate strategy that would provide the resources needed to adequately support the university's housing infrastructure.

The strategy outlines gradual rate increases, that keep UCF below market, and are based on market interest and the satisfaction levels across UCF's different housing accommodations. Market interest and overall satisfaction for each unit type was determined through a statistically significant survey of both on-campus and off-campus students.

The proposed rate approach allows the university to provide a market-responsive solution that supports the needed investment in the housing system while continuing to provide an affordable and quality on-campus housing product.

Rationale

Despite high occupancy and demand, the university must address deferred maintenance in existing residential facilities to ensure the university can provide an on-campus student housing experience that serves as a catalyst for student success and is in alignment with Top 50 Public Universities.

Implementation Plan

UCF Housing will implement a system wide rate increase, that will not exceed 4.5% (weighted average) for the fiscal year 2023-2024, beginning with Fall 2023 rates, and will not exceed 4% annually (weighted average) from fiscal year 2024-2025 to fiscal year 2027-2028.

Resource Considerations

The most recent Facilities Condition Report stated a 10-year need of \$131 million, with an annual target of nearly \$10 million. In FY2022-2023, UCF Housing budgeted \$3.5 million toward critical maintenance.

Conclusion

The proposed rental rate for on-campus housing at UCF will enable the university to address deferred repairs and perform necessary maintenance while upholding its commitment to affordable student housing. This approach ensures a balance between ongoing facility upkeep, service quality, and the need for deferred maintenance.

Proposed Semester Rental Rates for Fall 2023 and Spring 2024

OWNED by UCF									
Housing Community	Opened	Type of Accommodation	Beds	2022-2023 Semester Rate	2023-2024 Semester Rate	Adjustment			
Academic Village									
Nike and Hercules	2001	Double Occupancy Room	900	\$ 2,835	\$ 3,010	\$ 175	6.2%		
Nike and Hercules	2001	Single Occupancy Apartment (4/2)	660	\$ 3,085	\$ 3,310	\$ 225	7.3%		
Nike and Hercules	2001	Single Occupancy Apartment (2/1)	32	\$ 3,330	\$ 3,550	\$ 220	6.6%		
Neptune Community	2013	Single Occupancy Suite	650	\$ 3,000	\$ 3,180	\$ 180	6.0%		
Apollo Community									
Lake, Volusia, Osceola, and Polk Halls	1969	Double Occupancy Room	372	\$ 2,470	\$ 2,470	\$ -	0.0%		
Lake, Volusia, Osceola, and Polk Halls	1969	Single Occupancy Room	47	\$ 2,810	\$ 2,810	\$ -	0.0%		
Greek Community									
Building 409 and 411	2009	Double Occupancy Room	82	\$ 2,700	\$ 2,820	\$ 120	4.4%		
Building 416 and 417	2013	Double Occupancy Room	79	\$ 2,800	\$ 2,925	\$ 125	4.5%		
Knights Plaza Community									
Towers 1, 2, 3, and 4	2005	Single Occupancy Apartment (4/2)	1648	\$ 3,440	\$ 3,595	\$ 155	4.5%		
Towers 1, 2, 3, and 4	2005	Single Occupancy Apartment (4/4)	296	\$ 3,640	\$ 3,805	\$ 165	4.5%		
Towers 1, 2, 3, and 4	2005	Single Occupancy Apartment (1/1)	24	\$ 3,845	\$ 4,020	\$ 175	4.6%		
Libra Community									
Brevard, Seminole, and Orange Halls	1981	Double Occupancy Room	428	\$ 2,700	\$ 2,700	\$ -	0.0%		
Citrus, Sumter, and Flagler Halls	1998	Double Occupancy Room	560	\$ 2,700	\$ 2,700	\$ -	0.0%		
Lake Claire Community									
Lake Claire Courtyard Apartments	1994	Single Occupancy Apartment (4/2)	686	\$ 3,045	\$ 3,230	\$ 185	6.1%		
UCF OWNED - System Summary			6,464	\$ 3,053	\$ 3,190	\$ 137	4.5%		

MANAGED by UCF									
Property	Opened	Type of Accommodation	Beds	2022-2023 Semester Rate	2023-2024 Semester Rate	Adjustment			
Rosen College Student Apartments									
	2005	Single Occupancy Apartment (4/2)	368	\$ 2,985	\$ 3,120	\$ 135	4.5%		
	2005	Single Occupancy Apartment (2/1)	15	\$ 3,200	\$ 3,345	\$ 145	4.5%		
Northview									
	2013	Single Occupancy Apartment (4/4)	360	\$ 4,100	\$ 4,225	\$ 125	3.0%		
	2013	Single Occupancy Apartment (4/4 Loft)	120	\$ 4,255	\$ 4,385	\$ 130	3.1%		
	2013	Single Occupancy Apartment (2/2)	108	\$ 4,400	\$ 4,530	\$ 130	3.0%		

University of Central Florida
Department of Housing and Residence Life
5-Year Proforma (Including Proposed Rental Rate Increases)

	FY2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	Estimated	Approved - w/rate increase	Projected	Projected	Projected	Projected
Operating Revenue (Rental Rate Increase)		0.0%	4.5%	4.0%	4.0%	4.0%
Rental Revenue ¹	\$ 27,974,851	\$29,233,105	\$ 30,402,429	\$ 31,618,526	\$ 32,883,267	\$ 34,198,598
Other Income	1,716,750	1,635,000	1,635,000	1,635,000	1,635,000	1,635,000
Total Operating Revenue	29,691,601	30,868,105	32,037,429	33,253,526	34,518,267	35,833,598
Operating Expenditures						
Salaries and Benefits ²	7,619,097	8,155,679	8,400,349	8,652,360	8,911,931	9,179,289
Other Personnel Services (OPS) ²	1,435,768	1,555,210	1,601,866	1,649,922	1,699,420	1,750,403
Repairs and Maintenance	1,561,579	2,013,926	2,074,344	2,136,574	2,200,671	2,266,691
Utilities ²	3,900,000	3,972,467	4,091,641	4,214,390	4,340,822	4,471,047
Operating Expenses ²	1,909,792	1,976,312	2,035,601	2,096,669	2,159,569	2,224,357
Overhead ⁴	3,171,544	3,305,168	3,304,116	3,409,356	3,518,804	3,632,631
Operating Capital Outlay (OCO) ²	100,000	100,000	103,000	106,090	109,273	112,551
Total Operating Expenditures	19,697,780	21,078,762	21,610,918	22,265,361	22,940,490	23,636,968
Net Increase (decrease) from operations	\$ 9,993,821	\$ 9,789,343	\$ 10,426,510	\$ 10,988,164	\$ 11,577,777	\$ 12,196,630
Debt Service	6,404,913	6,400,913	6,401,538	6,396,288	6,399,538	5,284,163
Nonoperating Revenue (Expenses)						
Transfers To - Capital Expenditures ³	(\$3,504,000)	(\$7,067,000)	(\$7,000,000)	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)
Interest and Investment Earnings	525,000	525,000	525,000	525,000	525,000	525,000
Interest and Investment Tsfr to Central	(525,000)	(525,000)	(525,000)	(525,000)	(525,000)	(525,000)
Replacement Reserve ⁵	(88,957)	(352,951)	(350,797)	(364,829)	(379,422)	(394,599)
Total Nonoperating Revenue (Expenses)	(3,592,957)	(7,419,951)	(7,350,797)	(5,364,829)	(5,379,422)	(5,394,599)
Beginning Operating Cash	\$ 14,415,812	\$ 14,411,763	\$ 10,380,242	\$ 7,054,418	\$ 6,281,466	\$ 6,080,282
Net Operating Income (Loss)	\$ (4,049)	\$ (4,031,521)	\$ (3,325,824)	\$ (772,952)	\$ (201,183)	\$ 1,517,868
Ending Operating Cash	\$ 14,411,763	\$ 10,380,242	\$ 7,054,418	\$ 6,281,466	\$ 6,080,282	\$ 7,598,151
Beginning Replacement Reserves	\$ 8,818,523	\$ 8,907,480	\$ 9,260,431	\$ 9,611,229	\$ 9,976,058	\$ 10,355,480
Plus: Transfers In	\$ 88,957	\$ 352,951	\$ 350,797	\$ 364,829	\$ 379,422	\$ 394,599
Less: Transfers Out						
Ending Replacement Reserves	\$ 8,907,480	\$ 9,260,431	\$ 9,611,229	\$ 9,976,058	\$ 10,355,480	\$ 10,750,079

¹ Rental revenue projections include a 4.5% increase in rental rates for FY 2024 and 4% for FY 2025-2028.

² Expenses are projected to increase by 3% in FY 2025-2028.

³ Construction transfers follow the Capital Expenditure Schedule.

⁴ Overhead includes Auxiliary Overhead (9% revenue) and UCFIT.

⁵ Funds equal to 30% of rental revenue must be maintained in reserve. Housing replacement reserves are restricted for unusual or extraordinary capital expenditures and cannot be used for routine maintenance or capital renewal.

On-Campus and Off-Campus Student Housing Rate Analysis

This summary provides historical and projected semester student housing rates from select institutions across the State University System. The data and observations are presented for the following unit types:

- Double Occupancy Semester Housing Rates
- Single Occupancy Semester Housing Rates

Data from six State University System institutions is included in this summary report. The specific institutions included in the analysis are:

- Florida Atlantic University
- Florida International University
- Florida State University
- University of Florida
- University of South Florida

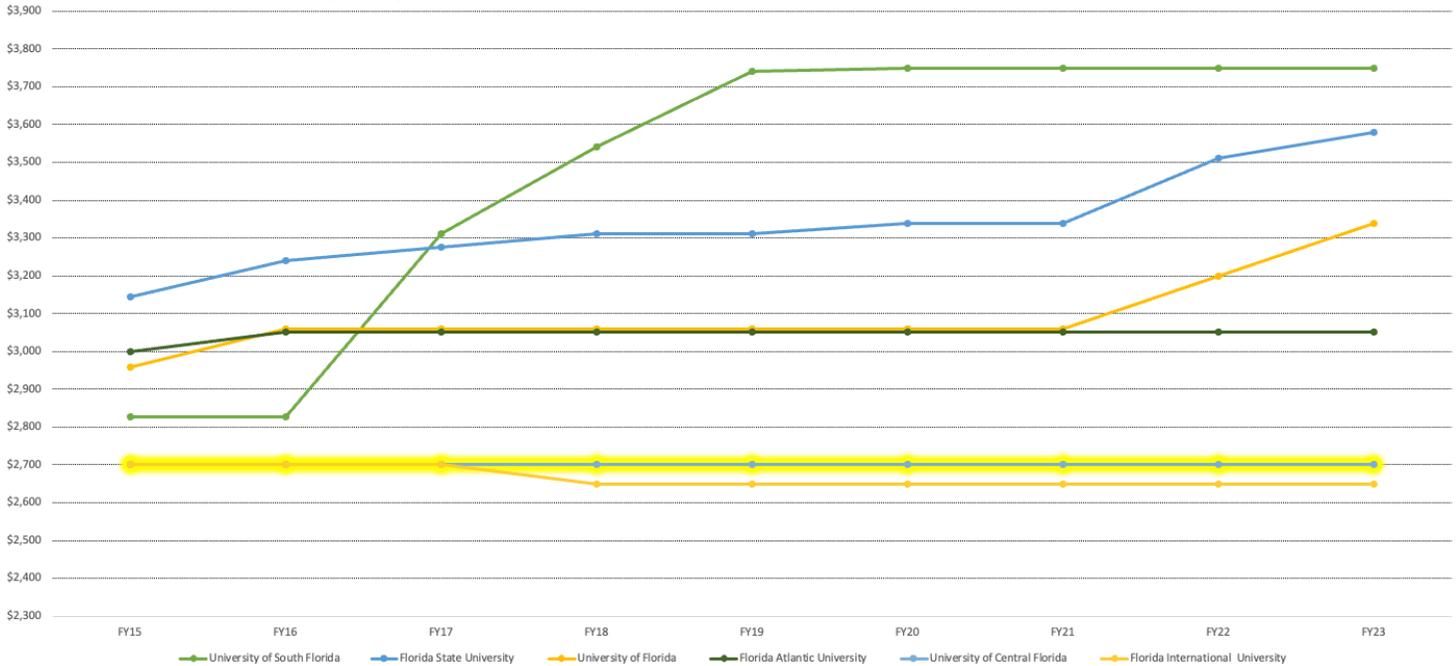
Additionally, this summary provides current monthly rental rates for off-campus student housing products available within a 3-mile radius of UCF's Main Campus in East Orlando. UCF's semester rental rates were converted to monthly rates to facilitate market comparisons.

Market Analysis within State University System

Double Occupancy Semester Housing Rental Rates

- UCF's average semester rental rate in FY2023 (\$2,700) is the second lowest across the SUS peer group.
- From FY2015 to FY2023, the average semester rental rate for on-campus double occupancy rooms increased from \$2,888 to \$3,178 across the SUS peer group.
- The average semester rental rate for on-campus double occupancy rooms is projected to increase from \$3,256 in FY2024 to \$3,612 in FY2028 based on known approved rate increases across the SUS peer group.

Historical Double Occupancy Rates: Fiscal Year 2015 to Fiscal Year 2023



Historical Double Occupancy Rates: Fiscal Year 2015 to Fiscal Year 2023

State University System	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
University of South Florida	\$2,826	\$2,826	\$3,312	\$3,540	\$3,740	\$3,750	\$3,750	\$3,750	\$3,750
Florida State University	\$3,145	\$3,240	\$3,275	\$3,310	\$3,310	\$3,340	\$3,340	\$3,510	\$3,580
University of Florida	\$2,957	\$3,060	\$3,060	\$3,060	\$3,060	\$3,060	\$3,060	\$3,198	\$3,340
Florida Atlantic University	\$3,000	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050
University of Central Florida	\$2,700								
Florida International University	\$2,700	\$2,700	\$2,700	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650
Average	\$2,888	\$2,929	\$3,016	\$3,052	\$3,085	\$3,092	\$3,092	\$3,143	\$3,178

Projected Double Occupancy Rates: Fiscal Year 2024 to Fiscal Year 2028

State University System	FY24	FY25	FY26	FY27	FY28
University of South Florida	\$3,900	\$4,080	\$4,270	\$4,470	\$4,680
Florida State University	\$3,745	\$3,920	\$4,100	\$4,290	\$4,290
University of Florida	\$3,492	\$3,650	\$3,820	\$3,820	\$3,820
Florida Atlantic University	\$3,050	\$3,050	\$3,050	\$3,050	\$3,050
University of Central Florida	\$2,700	\$2,810	\$2,930	\$3,050	\$3,180
Florida International University	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650
Average	\$3,256	\$3,360	\$3,470	\$3,555	\$3,612

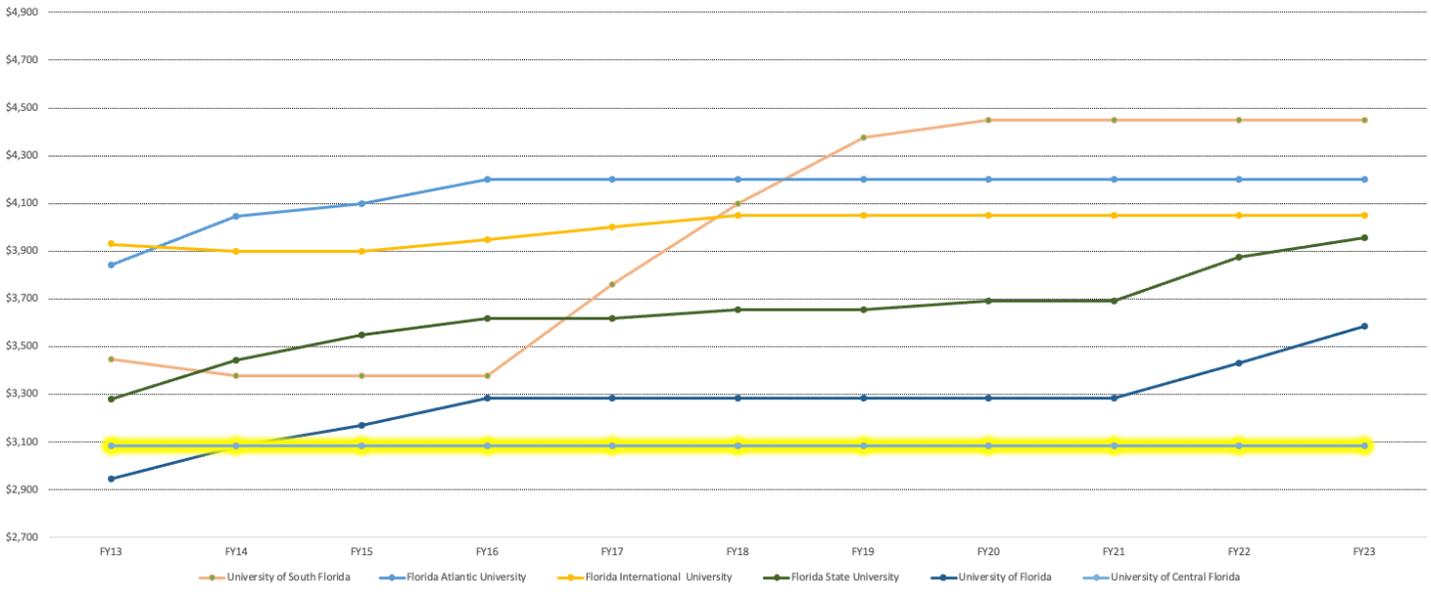
Projected includes UCF rate increase of 4.5% in FY '24 and up to 4% in FY '25 - FY '28. USF, FSU, UF, FAU, and FIU current approved rate for FY '24 and approved rate increases for USF, FSU and UF through FY '28.

Market Analysis within State University System

Single Occupancy Semester Housing Rental Rates

- UCF's average semester rental rate in FY2023 (\$3,085) is the lowest across the SUS peer group.
- From FY2013 to FY2023, the average semester rental rate for on-campus single occupancy rooms increased from \$3,422 to \$3,887 across the SUS peer group.
- The average semester rental rate for on-campus single occupancy rooms is projected to increase from \$4,002 in FY2024 to \$4,405 in FY2028 based on known approved rate increases across the SUS peer group.

Historical Single Occupancy Rates: Fiscal Year 2013 to Fiscal Year 2023



Historical Single Occupancy Rates: Fiscal Year 2013 to Fiscal Year 2023

State University System	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
University of South Florida	\$3,448	\$3,380	\$3,380	\$3,380	\$3,760	\$4,100	\$4,378	\$4,450	\$4,450	\$4,450	\$4,450
Florida Atlantic University	\$3,842	\$4,045	\$4,100	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
Florida International University	\$3,930	\$3,900	\$3,900	\$3,950	\$4,000	\$4,050	\$4,050	\$4,050	\$4,050	\$4,050	\$4,050
Florida State University	\$3,280	\$3,445	\$3,550	\$3,620	\$3,620	\$3,655	\$3,655	\$3,690	\$3,690	\$3,875	\$3,955
University of Florida	\$2,946	\$3,079	\$3,171	\$3,285	\$3,285	\$3,285	\$3,285	\$3,285	\$3,285	\$3,430	\$3,584
University of Central Florida	\$3,085										
Average	\$3,422	\$3,489	\$3,531	\$3,587	\$3,658	\$3,729	\$3,776	\$3,793	\$3,793	\$3,848	\$3,887

Projected Single Occupancy Rates: Fiscal Year 2024 to Fiscal Year 2028

State University System	FY24	FY25	FY26	FY27	FY28
University of South Florida	\$4,648	\$4,860	\$5,080	\$5,310	\$5,550
Florida Atlantic University	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
Florida International University	\$4,050	\$4,050	\$4,050	\$4,050	\$4,050
Florida State University	\$4,135	\$4,330	\$4,530	\$4,740	\$4,740
University of Florida	\$3,750	\$3,920	\$4,100	\$4,100	\$4,100
University of Central Florida	\$3,230	\$3,360	\$3,500	\$3,640	\$3,790
Average	\$4,002	\$4,120	\$4,243	\$4,340	\$4,405

Projected includes UCF rate increase of 4.5% in FY '24 and up to 4% in FY '25 - FY '28. USF, FSU, UF, FAU, and FIU current approved rate for FY '24 and approved rate increases for USF, FSU and UF through FY '28.

Local Market Analysis

- The average monthly rent for private off-campus student housing is **\$1,186 per month**.
- UCF's average monthly rent for a single apartment like unit is **\$755 per month**. Equivalent average monthly rents for doubles and single suites is below \$650 per month.
- Factoring in the proposed 5-year rate increase, UCF's average monthly rent for single apartment like units would approach \$960 per month. This projected average would still be below **today's** off-campus market average.

UCF On-Campus Student Housing: Monthly Rents

Unit Type	Average Rate	Market Variance
UCF Average Double	\$600.19	-97.55%
UCF Average Single - Suite	\$645.56	-83.67%
UCF Average Single - Apartment	\$755.00	-57.05%

Private Off-Campus Student Housing: Monthly Rents

Property	Miles from Campus	Studio	1BR	2BR	3BR	4BR
Arden Villas	1.4	\$1,125.00	\$1,385.00	\$890.00	\$835.00	
Aves@ Twelve100, The	0.9		\$1,600.00	\$1,275.00	\$1,075.00	\$1,030.00
Boardwalk at Alafaya Tra ii	1.4					\$799.00
Campus Crossings on Alafaya	1.8					\$696.88
College Station	1.9					\$780.00
Hub on Campus - Orlando	3.1			\$1,370.00	\$1,245.00	\$1,065.00
Knights Circle	1			\$955.00	\$855.00	\$840.00
Lark Central Florida	1.4	\$1,290.00	\$1,580.00	\$1,039.00	\$999.00	\$900.38
Mercury 3100	2				\$931.50	\$881.45
Nine at Central, The	1.9		\$1,999.00	\$1,294.00		\$1,114.00
Northgate Lakes	1				\$1,079.00	\$1,068.55
Orion on Orpington	3.2					\$829.33
Plaza on University	0.7			\$1,144.00	\$1,109.00	\$1,053.02
Pointe at Central, The	2			\$832.50		\$740.00
Riverwind at Alafaya Trail	1.9			\$855.00		\$774.00
The Accolade Collegiate Village West	2.1	\$1,465.00		\$1,250.00		\$1,032.59
The Lofts	2		\$1,564.50	\$983.82	\$965.00	\$977.16
The Quad	2.7					\$844.33
The Retreat East	3.2					\$1,089.38
The Retreat West	3.5			\$1,075.00	\$951.04	\$945.41
The Station Alafaya	1.7				\$1,004.00	\$1,106.39
The Verge Orlando	1.3		\$1,485.00	\$1,125.00	\$1,120.00	\$947.50
The Village at Science Drive	2				\$1,049.00	\$999.00
Average	1.9	\$1,293.33	\$1,602.25	\$1,083.72	\$1,016.73	\$932.43

Source: Asset Management Weekly Leasing Report (May 29, 2023 - June 4, 2023)