Board of Trustees
Finance and Facilities Committee Meeting
December 7, 2016
8:30 a.m.
President's Boardroom, Millican Hall, 3rd floor
Conference call in phone number 800-442-5794, passcode 463796

AGENDA

I.	**CALL TO ORDER**	Alex Martins *Chair of the Finance and Facilities Committee*
II.	**ROLL CALL**	Tracy D. Slavik *Coordinator, Administrative Services for Administration and Finance Division*
III.	**MEETING MINUTES**	
	• Approval of the October 12, 2016, and November 17, 2016, Finance and Facilities Committee meetings minutes	Chair Martins
IV.	**NEW BUSINESS**	Chair Martins
	• Minor Amendment to the University of Central Florida 2015-25 Campus Master Plan Update (FFC-1)	William F. Merck II *Vice President for Administration and Finance and Chief Financial Officer* Lee Kernek *Associate Vice President for Administration and Finance*
	• University Draft Audited Financial Report 2015-16 (INFO-1)	William F. Merck II Tracy Clark *Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance*

	• UCF Key Financial Ratios (INFO-2)	William F. Merck II Tracy Clark
	• University Operating Budget Report Quarter Ended September 30, 2016 (INFO-3)	William F. Merck II Tracy Clark
	• UCF Investments Quarterly Report Ended September 30, 2016 (INFO-4)	William F. Merck II Tracy Clark
	• Direct Support Organizations' 2016-17 First-Quarter Financial Reports (INFO-5) – UCF Athletic Association and UCF Stadium Corporation – UCF Convocation Corporation – UCF Finance Corporation – UCF Research Foundation	William F. Merck II John C. Pittman *Associate Vice President* *for Administration and Finance,* *Debt Management*
V.	**OTHER BUSINESS**	Chair Martins
VI.	**CLOSING COMMENTS**	Chair Martins

University of Central Florida

Board of Trustees
Finance and Facilities Committee Meeting
President's Boardroom, Millican Hall, 3rd floor
October 12, 2016

MINUTES

CALL TO ORDER
Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 8:30 a.m. Committee members Christopher Clemente, Keith Koons, and David Walsh were present. Committee member Bill Yeargin attended by teleconference. Chairman Marcos Marchena attended by teleconference.

MINUTES APPROVAL
The minutes of the August 17, 2016, and September 15, 2016, Finance and Facilities Committee meetings were approved as submitted.

NEW BUSINESS
Student Mental Health Potential Fee Impact Discussion
William F. Merck II, Vice President for Administration and Finance and Chief Financial Officer, Maribeth Ehasz, Vice President for Student Development and Enrollment Services, and Karen Hofman, Director, Counseling and Psychological Services, spoke about the critical demand for mental health services and the need for approximately $322,000 to hire four new counselors at Counseling and Psychological Services. The University Fee Committee has recommended raising the Health Fee by 50 cents per credit hour to fund the positions, but UCF has chosen to not raise the fee and internally fund the positions with non-recurring funds due to the important need. UCF will be seeking funding for counselors in the state's Legislative Budget Request. Chairman Marchena suggested that if the LBR is not successful, UCF use performance-based funding or departmental budgets to accommodate the need. Chair Martins said the Finance and Facilities Committee does not need to take up the fee increase recommendation from the University Fee Committee, and that the counselor positions will be funded internally.

Pouring Rights Agreement (FFC-1)
Merck and Curt Sawyer, Associate Vice President for University Services, requested approval of the extension of the pouring rights agreement with Coca-Cola. The extension meets UCF's sponsorship dollar goal and the student-athlete hydration needs of UCF Athletics. In addition, product donations to UCF Athletics increase and product dollars now remain available for two years. All other areas stay the same. The extension is for seven years with the opportunity for a mutually-agreed-upon, three-year renewal. The committee voted unanimously to approve the extension agreement.

University Operating Budget Report Ended June 30, 2016 (INFO-1)
Tracy Clark, Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance, presented the University Operating Budget Report for the quarter that ended June 30, 2016.

UCF Investments Quarterly Report Ended June 30, 2016 (INFO-2)
Clark presented the UCF Investments Quarterly Report for the quarter that ended June 30, 2016.

Power Plant for Downtown Campus (INFO-3)
Merck, Lee Kernek, Associate Vice President for Administration and Finance, and John C. Pittman, Associate Vice President for Administration and Finance, Debt Management, reported the results of an engineering study on the proposed Tri-generation Facility for UCF Downtown. The facility was deemed technically feasible and also economically viable once the second academic building is constructed. Auxiliary cash balances will fund the construction of the facility and purchase the equipment.

In addition to providing utilities for UCF Downtown, the proposed plant will provide a learning laboratory for the College of Engineering's educational program, as well as a platform for current and future sponsored research opportunities.

Once finalized, the financial plan will be brought back to the committee as an information item.

Limbitless Solutions, Inc., Discussion
Scott Cole, Vice President and General Counsel, and Michael Georgiopoulos, Dean of the College of Engineering and Computer Science, discussed turning Limbitless Solutions, Inc., into a university direct support organization. Limbitless Solutions is now a non-profit 501(c)(3) corporation. If the DSO is formed, the action will be brought back to the committee for approval.

Direct Support Organizations' 2015-16 Fourth-Quarter Financial Reports (INFO-4)
Merck and Pittman reported that the 2015-16 fourth-quarter financial reports ended June 30, 2016, for the UCF DSOs were provided as information items.

2017 Finance and Facilities Committee Meeting Dates (INFO-5)
Merck presented the 2017 Finance and Facilities Committee meeting dates as an information item.

Chair Martins adjourned the Finance and Facilities Committee meeting at 9:55 a.m.

Respectfully submitted: Will F. Merck II — 11-22-16
William F. Merck II — Date
Vice President for Administration and Finance
and Chief Financial Officer

University of Central Florida

Board of Trustees
Finance and Facilities Committee Meeting
FAIRWINDS Alumni Center
November 17, 2016

MINUTES

CALL TO ORDER

Trustee Alex Martins, chair of the Finance and Facilities Committee, called the meeting to order at 11:35 a.m. Committee members Christopher Clemente, Robert Garvy, Keith Koons, David Walsh, and Bill Yeargin were present. Trustees Marcos Marchena, Ken Bradley, Clarence Brown, and Joseph Conte were present.

NEW BUSINESS

Lake Nona Incubator Lease Agreement (FFC-1)

Thomas O'Neal, Associate Vice President for the Office of Research and Commercialization, presented for approval the lease agreement between the University of Central Florida and Lake Nona Innovation Center I, LLC, for the development of a life sciences incubator for UCF at Lake Nona. UCF is actively working with Tavistock to create a 10,000 square-foot accommodation for multi-tenant life sciences incubator companies. The committee made a motion to return the lease to General Counsel for a final review. If the lease is approved by General Counsel, it will go before the full Board of Trustees for approval at a future meeting.

Chair Martins adjourned the Finance and Facilities Committee meeting at 11:50 p.m.

Respectfully submitted: Will F. Merck II — 11-22-16

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

Date

ITEM: FFC-1

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Minor Amendment to the University of Central Florida 2015-25 Campus Master Plan Update

DATE: December 7, 2016

PROPOSED COMMITTEE ACTION

Approve a minor amendment to the University of Central Florida 2015-25 Campus Master Plan Update to modify the Urban Design and Capital Improvements map (Attachment D) and the Capital Improvements List (Attachment C).

BACKGROUND INFORMATION

The purpose of the proposed amendment is to revise the Capital Improvements List and related map in order to add six new projects in downtown Orlando, four new projects on the main campus, and one renovation at the Florida Solar Energy Center.

The projects not located on the UCF Main Campus are included in the University of Central Florida Campus Master Plan for information purposes only and are not subject to F.S. 1013.30. The downtown projects consist of the Downtown Academic Building, UCF Downtown Campus Building II, Downtown Phase III, Downtown Phase IV, Downtown Tri-generation Facility, and Downtown Garage II. These projects constitute the UCF Downtown Campus. The Florida Solar Energy Center renovation project is a 20-acre research complex on Florida's Space Coast and adjacent to UCF's Cocoa Campus.

The projects on the main campus are Research Buildings I and II, the Center for Research and Education in Optics and Lasers (CREOL) expansion, and the softball stadium expansion and renovation. As more particularly outlined in the attached memorandum, the amendment would constitute a minor amendment that needs only Board of Trustees approval for adoption.

Supporting documentation: Attachment A: Memorandum from Gina Seabrook
Attachment B: Project Location
Attachment C: Capital Improvements List
Attachment D: Urban Design Map

Prepared by: Lee Kernek, Associate Vice President for Administration and Finance

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

Attachment A

MEMORANDUM

TO: Scott Cole, Vice President and General Counsel

FROM: Gina Seabrook, Construction Specialist, Resource Management

SUBJECT: Minor Amendment to the University of Central Florida 2015-25 Campus Master Plan Update

DATE: October 31, 2016

The University of Central Florida proposes a minor amendment to the University of Central Florida 2015-25 Campus Master Plan Update to modify the Capital Improvements List (2.14 Capital Improvements Element) and the Urban Design and Capital Improvements map (Figure 3-1) in order to add six new projects in downtown Orlando, four new projects on the main campus, and one renovation at the Florida Solar Energy Center.

The downtown projects consist of a Downtown Academic Building, UCF Downtown Campus Building II, Downtown Phase III, Downtown Phase IV, Downtown Tri-generation Facility, and Downtown Garage II. These projects constitute the UCF Downtown Campus. This campus, a partnership with Valencia College, will be located at Creative Village, the largest mixed-use project in downtown Orlando. It is expected to bring over 7,000 students from UCF and Valencia to downtown Orlando at its opening and will offer students an innovative learning environment within walking distance of downtown internship and job opportunities. These opportunities for the Downtown UCF Campus arose after approval of the University of Central Florida 2015-25 Campus Master Plan Update. The Florida Solar Energy Center renovation project is a 20-acre research complex on Florida's Space Coast and adjacent to UCF's Cocoa Campus. The facility currently houses classrooms, instructional and research labs, offices, conference rooms, and support space for critical engineering programs. Research accomplished by the departments serves dozens of high-level technology industrial firms located throughout Florida and across the nation. FSEC has seen continuous use since it was built 21 years ago and is in dire need of a complete chilled-water HVAC system replacement and modernization, and it requires roof and building envelope repairs. The HVAC equipment is both obsolete and deteriorated beyond repair.

The projects on the main campus are Research Buildings I and II, a Center for Research & Education in Optics and Lasers (CREOL) expansion, and a softball stadium expansion and renovation.

The projects not located on the UCF Main Campus are included in the University of Central Florida Campus Master Plan for information purposes only and are not subject to F.S. 1013.30.

Regarding the projects on the UCF Main Campus:

- The two research buildings are included on line 39 of the Capital Improvement Project List as part of the "Partnership Campus," which is the area located south of the softball stadium. UCF aspires to be recognized as a preeminent state research university and has set strategic goals to become a Top 50 research university by 2035. UCF is committed to a robust portfolio of research, scholarship, and creative activities across all disciplines, contributing to the creation of new knowledge. Specific metrics have been designed to meet preeminence, including doubling research awards from $133 million to $250 million and achieving a level where at least 25 percent of graduate degrees awarded are research-focused.
- The CREOL Expansion is an addition to an existing facility. The College of Optics and Photonics and CREOL have grown in size and in stature. A new undergraduate program offering a Bachelor of Science degree in Photonic Science and Engineering began in Fall 2013 and has already attracted more than 100 new students. Five new faculty have been added since 2014. External research funding increased from an annual average of $11.3 million in 2010-11 to 2014-15 to $17 million in 2015-16. The College contributes about 13 percent of UCF's total research funding.
- The softball stadium expansion and renovation project is located in the area of the existing softball stadium and where the University of Central Florida 2015-25 Capital Improvements List shows on Line 75, a Softball Practice Field.

An amendment to a campus master plan must be reviewed and adopted under subsections (6)-(8) of F.S. 1013.30 if such amendment, alone or in conjunction with other amendments, would:

(a) Increase density or intensity of use of land on the campus by more than 10 percent;

University Response:

- The proposed Research Buildings I and II add up to 262,881 additional square feet within the Academic Land Use component of the campus. As the total square footage for buildings on campus is over eight million square feet, this addition constitutes a .032 percent change in overall campus square footage and, therefore, does not trip the 10 percent threshold for density or intensity of use of land on campus.
- The CREOL Expansion adds approximately 14,000 square feet within the Academic Land Use component of the campus. This addition constitutes a .00175 percent change in

overall campus square footage and, therefore, does not trip the 10 percent threshold for density or intensity of use of land on campus.

- The softball stadium expansion and renovation adds approximately 10,000 square feet to a facility within the existing Recreation and Open Space Land Use category. UCF has over 298 acres of Recreation and Open Space Land Use on campus. Hence, this addition constitutes a .029 percent increase in density or intensity within the Recreation and Open Space Land Use category and does not trip the 10 percent threshold for density or intensity of use.

(b) Decrease the amount of natural areas, open space, or buffers on the campus by more than 10 percent:

University Response:

- The proposed Research Buildings I and II are located within the Academic Land Use and not within the Recreation and Open Space Land Use, which includes natural areas and open spaces on campus; therefore, they do not trip the 10 percent threshold for decreased natural areas, open spaces, or buffers on campus.
- The proposed CREOL Expansion is located within the Academic Land Use component and not within the Recreation and Open Space land use; therefore, it does not trip the 10 percent threshold for decreased natural areas, opens spaces, or buffers on campus.
- The proposed softball stadium expansion and renovation is located within the Recreation and Open Space Land Use on campus and does not remove any square footage from the 298 acres of Recreation and Open Space Land Use on campus; therefore, it does not trip the 10 percent threshold for decreased natural areas, open spaces, or buffers on campus.

(c) Rearrange land uses in a manner that will increase the impact of any proposed campus development by more than 10 percent on a road or on another public facility or service provided or maintained by the state, the county, the host local government, or any affected local government.

University Response:

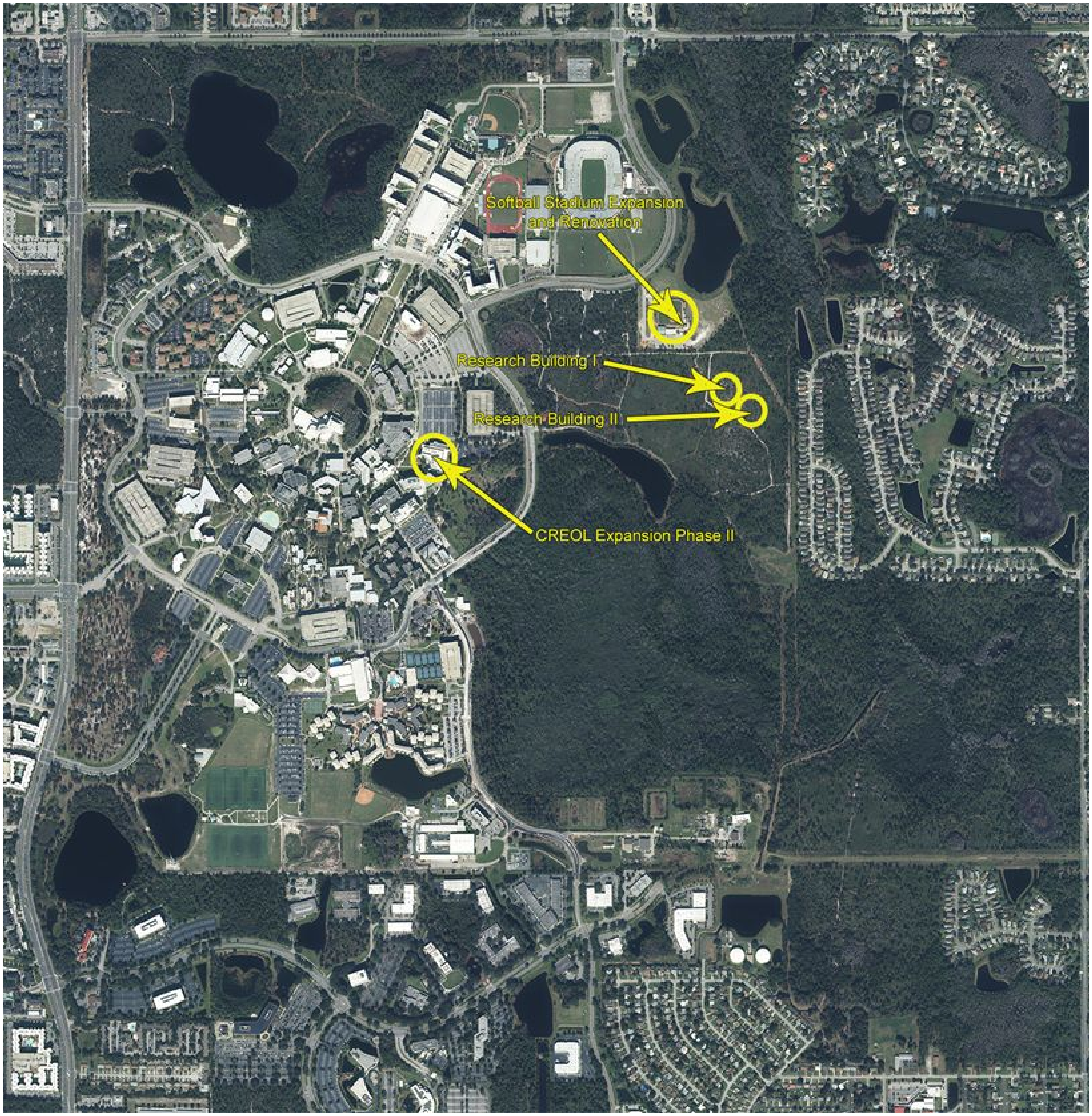
- The proposed Research Buildings I and II will constitute 262,881 square feet within the Partnership Campus site, which consists of 50 acres of currently unbuilt Academic Land Use. Each of the facilities will accommodate approximately 50 principle investigators. This number will have no impact on utilities and de minimis impact on transportation. Consequently, it will have less than 10 percent impact on a road or service provided or maintained by the state, county, host local government, or any affected local government.

- The proposed CREOL Expansion constitutes 14,000 square feet within the Academic Land Use component of the campus and will serve existing research faculty. Consequently, it will have less than 10 percent impact on a road or service provided or maintained by the state, county, host local government, or any affected local government.
- The softball stadium expansion and renovation adds 10,000 square feet of build space within the Recreation and Open Space Land Use. The expansion comprises 400 seats, a shade structure, and a new press box. With only 11 home games, it will have less than 10 percent impact on a road or service provided or maintained by the state, county, host local government, or any affected local government.

In summary, the proposed facilities do not exceed the amendment threshold criteria in 1013.30 (9), F.S. and may therefore be treated as a minor amendment.

Thank you for your time and attention to this matter. If you require additional information, please contact me at (407) 823-5894.

Attachment B



Attachment C

UNIVERSITY OF CENTRAL FLORIDA

CAPITAL IMPROVEMENTS LIST

	MAIN CAMPUS FTE		22,890	23,128	23,484	23,661	23,661	23,646	23,833	24,038	24,237	24,591			
	PROJECT LIST 2015 -25 Revised 10/14/2016	*Fund Type	2015-16 YR #1	2016-17 YR #2	2017-18 YR #3	2018-19 YR #4	2019-20 YR #5	2020-21 YR #6	2021-22 YR #7	2022-23 YR #8	2023-24 YR #9	2024-25 YR #10	Net	Gross	Total Estimated Cost ($M)
1	ENGINEERING BUILDING I RENOVATION	PECO	$13,954,277	$925,000									118,186	130,885	14,879,277
2	MATHEMATICAL SCIENCES BUILDING REMODELING AND RENOVATION	PECO	$9,422,105	$700,000									100,289	106,523	10,122,105
3	UTILITIES, INFRASTRUCTURE	PECO	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	$14,000,000	N/A	N/A	140,000,000
4	JOHN C. HITT LIBRARY RENOVATION PHASE II	PECO,CITF	$3,500,000	$29,500,000	$3,500,000								222,387	226,506	36,500,000
5	INTERDISCIPLINARY RESEARCH AND INCUBATOR FACILITY	PECO	$5,924,183	$33,852,470	$5,924,183								78,676	118,013	45,700,836
6	UCF VC CLASSROOM BUILDING	PECO	$7,500,000												7,500,000
7	ARTS COMPLEX PHASE II (PERFORMANCE)	PECO	$5,000,000	$40,000,000	$5,000,000								100,396	150,594	50,000,000
8	MILLICAN HALL RENOVATION	PECO		$349,418	$6,363,058	$349,418							87,742	88,680	7,061,894
9	BUSINESS ADMINISTRATION RENOVATION	PECO		$9,475,843	$494,001								118,624	121,074	9,969,844
10	CHEMISTRY RENOVATION	PECO		$539,843	$9,815,338	$539,843							43,265	49,073	10,895,024
11	FACILITIES & SAFETY COMPLEX RENOVATION	PECO			$4,856,238										4,856,238
12	VISUAL ARTS RENOVATION AND EXPANSION	PECO			$3,000,000	$24,000,000	$3,000,000						79,373	85,000	30,000,000
13	MULTI-PURPOSE RESEARCH AND EDUCATION BUILDING	PECO		$2,779,189	$22,235,512	$2,779,189							47,310	75,384	27,793,890
14	COLLEGE OF NURSING AND ALLIED HEALTH	PECO, C		$7,350,000	$58,800,000	$7,350,000							119,206	170,684	73,500,000
15	PARTNERSHIP IV	PECO	$2,450,000	$19,600,000	$2,450,000								78,294	117,442	24,500,000
16	HOWARD PHILLIPS HALL RENOVATION	PECO			$6,564,996	$652,249							56,903	64,619	7,217,245
17	COLBOURN HALL RENOVATION	PECO			$7,865,978	$410,075							73,500	83,957	8,276,053
18	FERRELL COMMONS (E AND G SPACE) RENOVATION	PECO			$6,564,996	$652,249							86,149	93,860	7,217,245
19	COLLEGE OF SCIENCES BUILDING RENOVATION	PECO				$317,437	$2,539,494	$317,436					49,580	54,644	3,174,367
20	REHEARSAL HALL RENOVATION	PECO				$48,007	$384,055	$48,006					9,322	10,743	480,068
21	CLASSROOM BUILDING III	PECO			$2,400,000	$19,200,000	$2,400,000						53,332	79,998	24,000,000
22	FACILITIES BUILDING AT LAKE NONA	B,P			$600,000	$4,800,000	$600,000						13,866	20,799	6,000,000
23	RECYCLING CENTER	PECO				$2,300,000	$18,400,000	$2,300,000					26,666	40,000	23,000,000
24	HUMANITIES AND FINE ARTS II (Phase I)	PECO				$2,772,353	$17,060,631	$2,772,353					58,362	87,543	22,605,337
25	SIMULATION AND TRAINING BUILDING	PECO				$2,370,336	$18,410,374	$2,370,336					39,950	59,924	23,151,046
26	BUSINESS ADMINISTRATION III BUILDING	PECO				$1,584,527	$12,307,012	$1,584,527					41,118	61,677	15,476,066
27	EDUCATION BUILDING II	PECO				$2,062,318	$15,594,083	$2,062,318					51,479	77,219	19,718,719
28	BAND BUILDING	PECO				$455,045	$2,800,279	$455,045					10,024	13,529	3,710,369
29	ARTS COMPLEX PHASE III	PECO				$1,210,857	$7,627,447	$1,210,857					25,447	38,171	10,049,161
30	SOCIAL SCIENCES FACILITY	PECO													0
31	COASTAL BIOLOGY STATION	PECO			$2,500,000										2,500,000
32	INTERDISCIPLINARY RESEARCH BUILDING II	PECO								$2,370,336	$17,330,596	$2,370,336	40,543	60,815	22,071,268
33	CENTER FOR EMERGING MEDIA BUILD OUT	PECO								$6,360,339			16,544	24,816	6,360,339
34	ROSEN STORAGE SHED	P	$225,000												225,000
35	ROSEN EDUCATIONAL FACILITY	P	$17,000,000												17,000,000
36	TEMPORARY ATHLETICS FOOTBALL GAME DAY PARKING	O	$50,000												50,000
37	UCF HEALTH EXPANSION AND WELLNESS CENTER	P, B					$1,145,664	$9,165,312	$1,145,664						11,456,640
38	HUMANITIES AND FINE ARTS II (Phase II)	PECO								$1,107,260	$8,600,076	$1,107,260	27,364	41,045	10,814,596
39	PARTNERSHIP CAMPUS	PECO											N/A	N/A	0
40	CAPITAL IMPROVEMENT RESERVE	PECO											N/A	N/A	0
41	SUSTAINABILITY CENTER (Phase I)	PECO, C								$5,000,000			5,000	7,500	5,000,000
42	CIVIL AND ENVIRONMENTAL ENGINEERING	PECO, C		$1,160,667	$14,508,333	$1,741,000							50,000	75,000	17,410,000
43	SUSTAINABILITY CENTER (Phase II)	PECO, C				$5,000,000							5,000	7,500	5,000,000
44	LABORATORY AND ENVIRONMENTAL SUPPORT EXPANSION	O	$1,800,000												1,800,000
45	CREATIVE VILLAGE GARAGE	P,B	$15,000,000												15,000,000
46	SPECIAL PURPOSE HOUSING AND PARKING GARAGE I	P, B	$25,000,000										106,667	160,000	25,000,000
47	SPECIAL PURPOSE HOUSING II	P, B	$8,000,000										21,333	32,000	8,000,000
48	PARKING DECKS	P, B	$17,000,000										112,000	168,000	17,000,000
49	GRADUATE HOUSING	P, B	$50,000,000										100,000	150,000	50,000,000
50	REFINANCE UCF FOUNDATION PROPERTIES	P, B	$37,410,000										288,167	432,250	37,410,000
51	STUDENT HOUSING	P, B	$50,000,000										149,333	224,000	50,000,000
52	GARAGE EXPANSION	P, B	$5,000,000										33,891	50,837	5,000,000
53	WET TEACHING LAB AND EXPANDED STEM FACILITY (CLASSROOM AND LAB BUILDING)	P, B							$14,258,248	$114,065,986	$14,258,248		60,976	91,464	142,582,482
54	FACILITIES BUILDING AT LAKE NONA	P, B	$6,000,000										13,866	20,799	6,000,000
55	EXPO CENTER HOUSING	P, B	$16,000,000										68,667	103,000	16,000,000
56	REGIONAL CAMPUSES MULTI-PURPOSE BUILDINGS	P, B	$28,000,000										40,000	60,000	28,000,000
57	PARTNERSHIP GARAGE	P, B	$7,000,000										994,900		7,000,000
58	PARKING DECK (ATHLETIC COMPLEX)	P, B	$5,000,000										112,000	168,000	5,000,000
59	BASEBALL STADIUM EXPANSION PHASE II	P, B	$4,500,000										3,800	5,700	4,500,000
60	BASEBALL CLUB HOUSE EXPANSION AND RENOVATION	P, B	$1,000,000												1,000,000
61	BRIGHTHOUSE NETWORKS STADIUM EXPANSION AND IMPROVEMENTS PHASE I	P, B	$11,000,000											21,337	11,000,000
62	WAYNE DENSCH SPORTS CENTER EXPANSION	P, B	$1,000,000										12,000	18,000	1,000,000
63	TENNIS COMPLEX PHASE I	P, B	$1,400,000										4,980	7,470	1,400,000
64	TENNIS COMPLEX PHASE II	P, B	$1,000,000												1,000,000
65	TENNIS COMPLEX PHASE III	P, B	$2,000,000												2,000,000
66	MULTI-PURPOSE MEDICAL RESEARCH AND INCUBATOR FACILITY	P, B	$112,863,923												112,863,923
67	HEALTH SCIENCES CAMPUS PARKING GARAGE I	P, B	$15,000,000												15,000,000
68	BIO-MEDICAL ANNEX RENOVATION AND EXPANSION	P, B	$12,800,000												12,800,000
69	OUTPATIENT CENTER	P, B	$75,000,000												75,000,000
70	DENTAL SCHOOL	P, B		$73,000,000											73,000,000
71	INFRASTRUCTURE AND SITEWORK LAKE NONA CLINICAL FACILITIES	P, B			$10,000,000										10,000,000
72	STRATEGIC LAND AND PROPERTY	P, B	$100,000,000										N/A	N/A	100,000,000
73	BRIGHT HOUSE NETWORKS STADIUM AND IMPROVEMENTS PHASE II	P, B	$5,000,000										14,225	21,337	5,000,000
74	TRACK AND SOCCER CLUB HOUSE	P, B	$850,000										2,800	4,200	850,000
75	SOFTBALL PRACTICE FIELD	P,B	$250,000										N/A	N/A	250,000
76	ATHLETICS PRACTICE FIELD	P, B	$500,000										N/A	N/A	500,000
77	WOMENS COMPETITION AND PRACTICE FIELD	P, B	$2,000,000										N/A	N/A	2,000,000
78	BASEBALL PRACTICE FIELD	P, B	$400,000										N/A	N/A	400,000
79	BASKETBALL PRACTICE FACILITY	P, B	$12,000,000										32,000	48,000	12,000,000
80	RECREATION AND WELLNESS CENTER PHASE III	P, B	$20,000,000										5,200	7,800	20,000,000
81	LIFE SCIENCES INCUBATOR, LAKE NONA	P, B	$30,000,000										36,667	55,000	30,000,000
82	EAST ATHLETICS CENTER	P, B	$15,000,000										11,706	17,559	15,000,000
83	CARACOL in BELIZE	C		$350,000									49,570	72,555	350,000
84	BURNETT BIO-MEDICAL SCIENCE CENTER INFRASTRUCTURE	C		$7,500,000									6,271	9,407	7,500,000
85	ORLANDO REPERTORY THEATRE III RENOVATIONS	C		$75,000	$75,000	$75,000							8,000	12,000	225,000
86	RESEARCH LAB, LAKE NONA	C, P, B	$6,412,845	$97,268,758	$9,180,000								132,018	198,027	112,861,603
87	FOOD RETAIL VENUE	O		$2,500,000											2,500,000
88	HOTEL AND CONFERENCE CENTER	P	$60,000,000										190,000	250,000	60,000,000
89	PARKING GARAGE VII	B		$20,000,000									242,667	364,000	20,000,000
90	JOHN C. HITT LIBRARY EXPANSION	CITF, P	$44,114,399	$40,471,926	$40,471,926								109,703	164,554	125,058,251
91	LAKE CLAIRE RENOVATION	CITF	$3,000,000										100,000	150,000	3,000,000
92	CREATIVE SCHOOL FOR CHILDREN	CITF	$6,000,000										25,000	37,500	6,000,000
93	STUDENT UNION II (Phase I)	CITF	$14,000,000										37,800	56,700	14,000,000
94	STUDENT UNION II (Phase II)	CITF	$6,000,000										17,000	25,500	6,000,000
95	STUDENT UNION II (Phase III)	CITF	$21,000,000										60,000	90,000	21,000,000
96	RWC PARK PHASE IV	CITF	$5,000,000										32,000	48,000	5,000,000
97	DOWNTOWN ACADEMIC BUILDING	PECO, P, E&G		$60,000,000									112,381	165,000	60,000,000
98	CREOL EXPANSION PHASE II	E&G			$6,784,228								10,208	13,900	6,784,228
99	DOWNTOWN CAMPUS COMBINED HEAT AND POWER PLANT (TRI-GENERATION)	E&G			$15,118,178								11,000	13,000	15,118,178
100	TEACHING HOSPITAL AT LAKE NONA	P													0
101	DOWNTOWN PARKING GARAGE II	B			$15,300,000									200,000	15,300,000
102	FLORIDA SOLAR ENERGY CENTER RENOVATION	PECO				$10,000,000									$10,000,000
103	DOWNTOWN BUILDING II	PECO, P, E&G						$77,717,325					150,325	222,000	77,717,325
104	DOWNTOWN PHASE III	PECO, P, E&G								$29,000,000			55,333	83,000	29,000,000
105	DOWNTOWN PHASE IV	PECO, P, E&G								$42,164,850			80,000	120,000	42,164,850
106	RESEARCH BUILDING I	PECO					$6,058,800	$48,470,400	$6,058,800				85,019	126,258	60,588,000
107	RESEARCH BUILDING II	PECO					$6,609,620	$52,876,800	$6,609,600				91,929	136,623	66,096,020
108	SOFTBALL STADIUM EXPANSION AND RENOVATION	P, B			$10,200,000										10,200,000
	TOTAL														
										New Campus Sq. Ft.					
										Off Campus Sq. Ft.					

Funding sources denote probable building completion year

Projects in green denote projects planned **off-campus.**

Projects in blue denote renovation and/or remodeling projects

*Fund Types:

PECO (Public Education Capital Outlay), C (Courtelis), P (Private), B (Bond), CITF (Capital Improvement Trust Fund), O (Other)

Attachment D

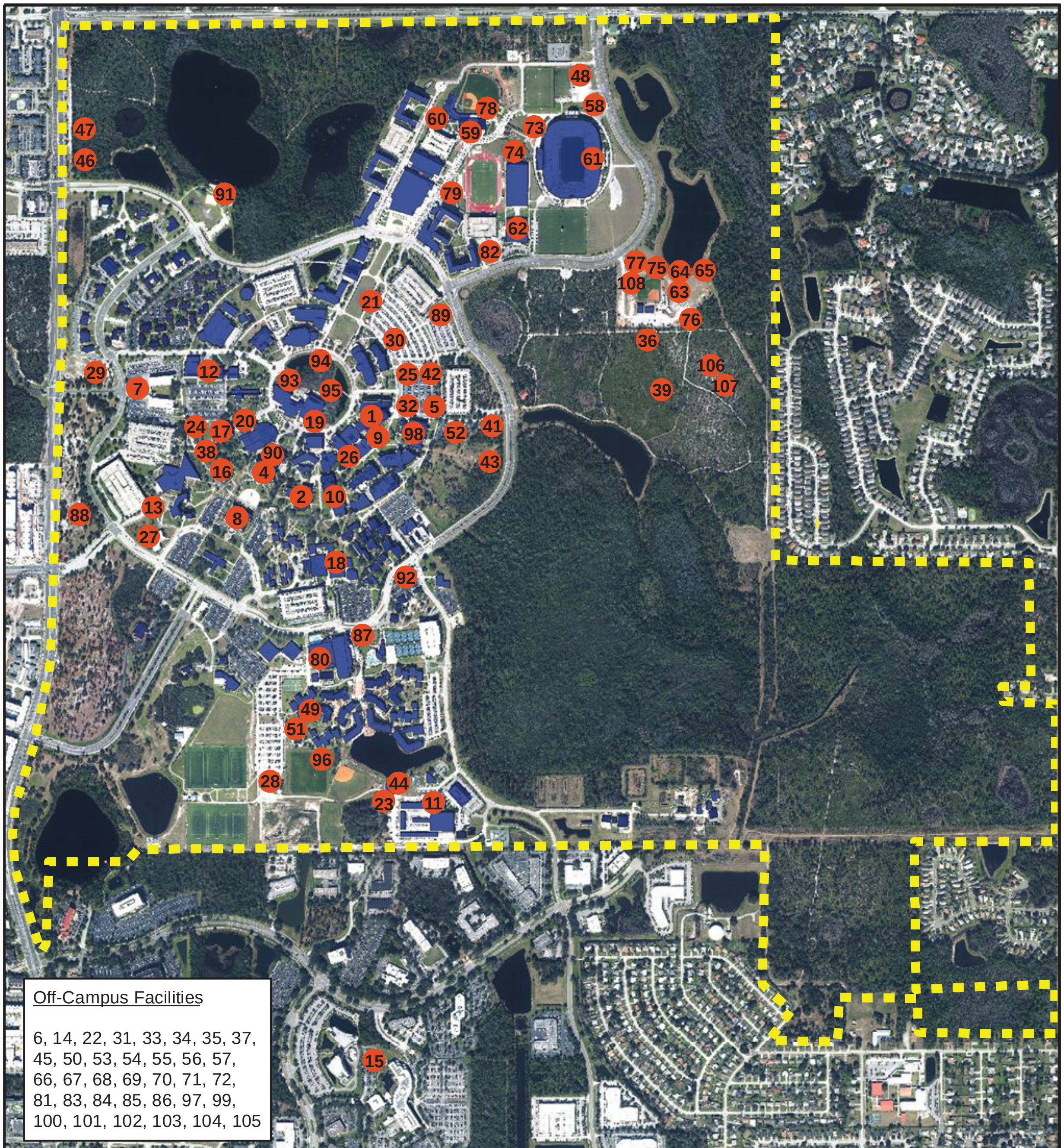


Figure 3-1

Urban Design and Capital Improvements

Comprehensive Master Plan Update

University of Central Florida

Orlando, Florida

2015-2025

N

All maps are diagrammatic and conceptual. The various areas shown are approximate and not to survey accuracy. The intent of these maps is to illustrate general areas of existing or potential use.

Rev. 20161014

Legend

- 2015 Capital Improvements List Item
- Existing Buildings
- Boundary

To locate buildings on map, refer to Element 14: Capital Improvements List

0 1,000 2,000 4,000 Feet

ITEM: INFO-1

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: University Draft Audited Financial Report 2015-16

DATE: December 7, 2016

For information only.

Supporting documentation: Attachment A: University Draft Audited Financial Report

Prepared by: Tracy Clark, Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

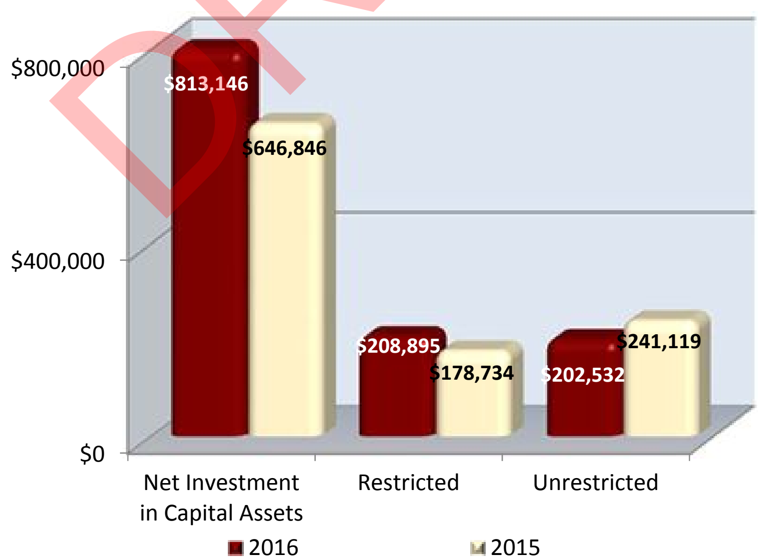
The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2016, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2016, and June 30, 2015.

FINANCIAL HIGHLIGHTS

The University's assets totaled $1.7 billion at June 30, 2016. This balance reflects a $186.2 million, or 12 percent, increase as compared to June 30, 2015, resulting primarily from the transfer of capital assets from two component units described below. Deferred outflows of resources at June 30, 2016 totaled $75.7 million, an increase from prior year of $22.0 million. Liabilities increased by $83.2 million, or 18 percent, totaling $544.1 million at June 30, 2016, compared to $460.9 million at June 30, 2015. Deferred inflows of resources at June 30, 2016 totaled $18.2 million, a decrease of $32.9 million. As a result, the University's net position increased by $157.9 million, resulting in a year-end balance of $1.2 billion.

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, 2016, and June 30, 2015, is shown in the following graph:

Net Position:
(In Thousands)



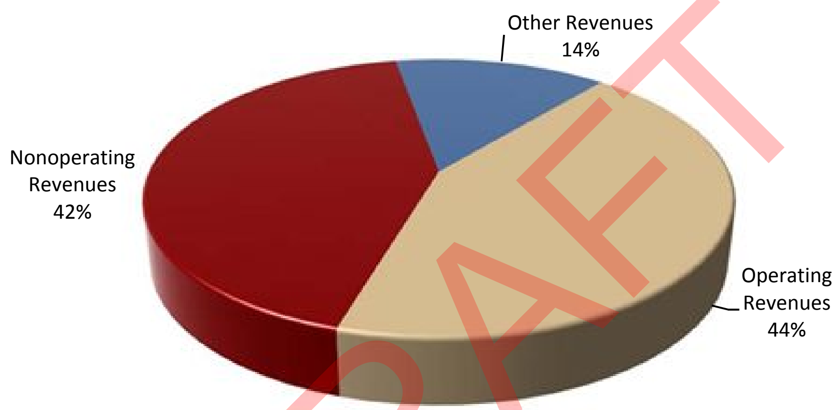
The University's operating revenues totaled $492.8 million for the 2015-16 fiscal year, representing a 2 percent increase compared to the 2014-15 fiscal year. Operating expenses totaled $937.3 million for the

2015-16 fiscal year, representing an increase of 6 percent as compared to the 2014-15 fiscal year due mainly to an increase in compensation and employee benefits. Net nonoperating revenue was $444.5 million, an increase of 9 percent from prior year.

Other revenues of $157.9 million includes a $128.7 million transfer of capital assets from two component units. In the 2015-16 fiscal year, the defeasance of certain UCF Convocation Corporation and UCF Stadium Corporation's Certificates of Participation terminated ground leases with the University and all improvements on the leased land transferred ownership to the University. The transfer of capital assets included the football stadium, convocation center and related retail, and parking facilities. The assets were recognized by the University at carrying value as a capital transfer to the University.

The following chart provides a graphical presentation of University revenues by category for the 2015-16 fiscal year:

Total Revenues:



Overview of Financial Statements

Pursuant to 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.

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)

	2016	2015
Assets		
Current Assets	$ 565,179	$ 565,221
Capital Assets, Net	994,928	837,341
Other Noncurrent Assets	151,147	122,492
Total Assets	1,711,254	1,525,054
Deferred Outflows of Resources	75,681	53,696
Liabilities		
Current Liabilities	99,076	81,829
Noncurrent Liabilities	445,039	379,100
Total Liabilities	544,115	460,929
Deferred Inflows of Resources	18,247	51,122
Net Position		
Net Investment in Capital Assets	813,146	646,846
Restricted	208,895	178,734
Unrestricted	202,532	241,119
Total Net Position	$ 1,224,573	$ 1,066,699

Total assets as of June 30, 2016, increased by $186.2 million or 12 percent. This increase is primarily due to the transfer of capital assets previously discussed. Deferred outflows of resources increased by

$22.0 million, or 41 percent, due to an increase in pension related deferred outflows for changes in the University's proportionate share of the FRS net pension liabilities and differences between actuals and expected experience for the plan, and an increase in the effect of deferring accumulated decreases in the fair value of a hedging derivative for an interest rate swap. Total liabilities as of June 30, 2016, increased by $83.2 million, or 18 percent, and was primarily due to increases in liabilities recorded for the University's proportionate share of the FRS net pension liabilities, increases in other postemployment benefit payables, and payables associated with funds held for component units. Deferred inflows of resources decreased by $32.9 million, or 64 percent, primarily due to reductions in deferred gains associated with the differences between actual and projected earnings on FRS pension plan investments.

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 2015-16 and 2014-15 fiscal years:

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

(In Thousands)

	2015-16	2014-15
Operating Revenues	$ 492,824	$ 481,124
Less, Operating Expenses	937,279	880,219
Operating Loss	(444,455)	(399,095)
Net Nonoperating Revenues	444,468	409,399
Income (Loss) Before Other Revenues	13	10,304
Other Revenues, Expenses, Gains, or Losses	157,861	20,348
Net Increase In Net Position	157,874	30,652
Net Position, Beginning of Year	1,066,699	1,122,161
Adjustments to Beginning Net Position (1)	-	(86,114)
Net Position, Beginning of Year, as Restated	1,066,699	1,036,047
Net Position, End of Year	$ 1,224,573	$ 1,066,699

Note: (1) For the 2014-15 fiscal year, the University's beginning net position was decreased in conjunction with the implementation of GASB Statement No. 68.

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 2015-16 and 2014-15 fiscal years:

Operating Revenues
For the Fiscal Years

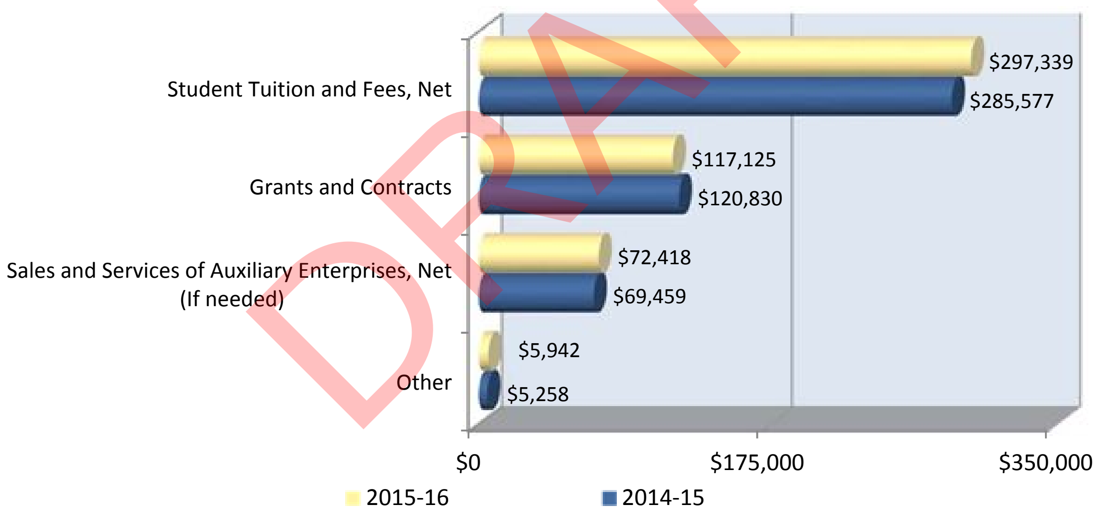
(In Thousands)

	2015-16	**2014-15**
Student Tuition and Fees, Net	$ 297,339	$ 285,577
Grants and Contracts	117,125	120,830
Sales and Services of Auxiliary Enterprises, Net	72,418	69,459
Other	5,942	5,258
Total Operating Revenues	$ 492,824	$ 481,124

The following chart presents the University's operating revenues for the 2015-16 and 2014-15 fiscal years:

Operating Revenues:

(In Thousands)



Total operating revenues increased by $11.7 million, or 2 percent. Net student tuition and fees increased by $11.8 million, or 4 percent and was primarily due to an increase in student credit hours and non-resident fees.

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 2015-16 and 2014-15 fiscal years:

Operating Expenses

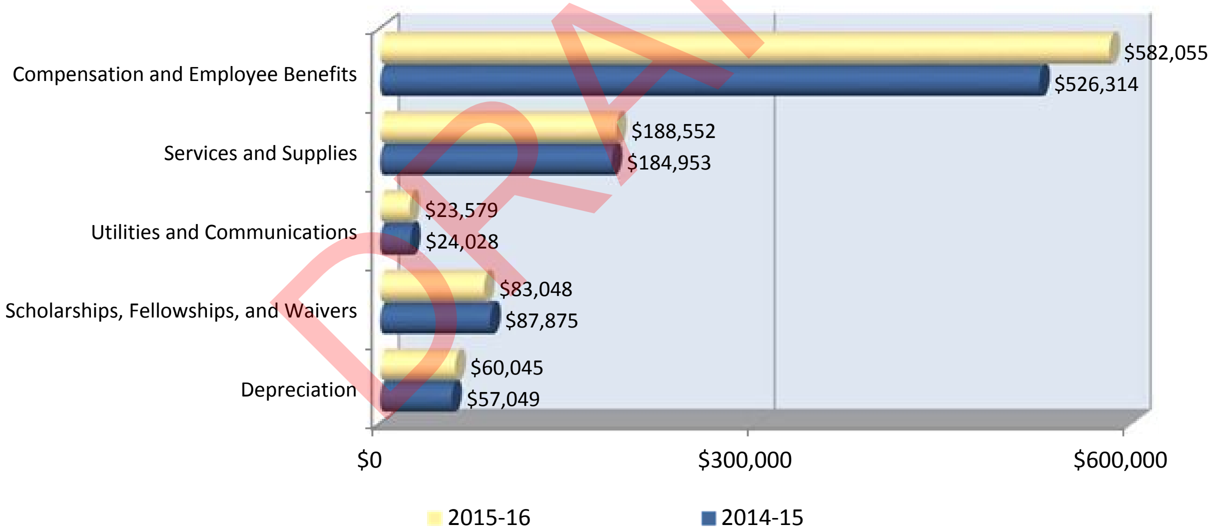
(In Thousands)

	2015-16	2014-15
Compensation and Employee Benefits	$ 582,055	$ 526,314
Services and Supplies	188,552	184,953
Utilities and Communications	23,579	24,028
Scholarships, Fellowships, and Waivers	83,048	87,875
Depreciation	60,045	57,049
Total Operating Expenses	$ 937,279	$ 880,219

The following chart presents the University's operating expenses for the 2015-16 and 2014-15 fiscal years:

Operating Expenses:

(In Thousands)



Operating expenses totaled $937.3 million for the 2015-16 fiscal year. This represents a $57.1 million or 6 percent increase over the 2014-15 fiscal year. The increase in compensation and employee benefits of $55.7 million, or 11 percent, was primarily due to an increase in salaries of $37.6 million, resulting from a faculty hiring plan, pay raises and increased benefit costs, and associated retirement and healthcare expenses of $9.6 million. In addition, expenses associated with actuarially determined other postemployment benefit liabilities increased $7.9 million.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2015-16 and 2014-15 fiscal years:

Nonoperating Revenues (Expenses):

(In Thousands)

	2015-16	2014-15
State Noncapital Appropriations	$ 314,820	$ 301,945
Federal and State Student Financial Aid	139,245	135,263
Investment Income	14,379	8,402
Other Nonoperating Revenues	12,728	9,042
Loss on Disposal of Capital Assets	(590)	(926)
Interest on Capital Asset-Related Debt	(8,385)	(8,744)
Other Nonoperating Expenses	(27,729)	(35,583)
Net Nonoperating Revenues	$ 444,468	$ 409,399

Net nonoperating revenues increased by $35.1 million, or 9 percent, primarily due to an increase in State noncapital appropriations of $12.9 million of which $14.7 million was due to additional performance-based funding. Investment income increased by $6.0 million primarily due to an increase in unrealized gains. Other nonoperating expenses decreased by $7.9 million due to less transfers to other agencies in the 2015-16 fiscal year.

Other Revenues

This category is composed of State capital appropriations and capital transfers, grants, contracts, donations, and fees. The following summarizes the University's other revenues and expenses for the 2015-16 and 2014-15 fiscal years:

Other Revenues:

(In Thousands)

	2015-16	2014-15
State Capital Appropriations	$ 28,442	$ 19,967
Capital Transfers In	128,699	-
Capital Grants, Contracts, Donations, and Fees	720	381
Total	$ 157,861	$ 20,348

Other revenues were $157.9 million for the 2015-16 fiscal year. This represents a $137.5 million increase compared to the 2014-15 fiscal year due primarily to the transfer of the convocation center and stadium assets from the UCF Convocation Corporation and the UCF Stadium Corporation to the University as previously discussed.

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 2015-16 and 2014-15 fiscal years:

Condensed Statement of Cash Flows:

(In Thousands)

	2015-16	2014-15
Cash Provided (Used) by:		
Operating Activities	$ (366,605)	$ (336,529)
Noncapital Financing Activities	452,563	418,865
Capital and Related Financing Activities	(84,167)	(62,529)
Investing Activities	(3,263)	(24,941)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,472)	(5,134)
Cash and Cash Equivalents, Beginning of Year	49,790	54,924
Cash and Cash Equivalents, End of Year	$ 48,318	$ 49,790

Cash and cash equivalents decreased $1.5 million. Cash used by operating activities increased by $30.1 million compared to fiscal year 2014-15 due primarily to a $44.1 million increase in cash payments to employees for compensation and offset by a $14.2 million increase in cash received from tuition and fees. Cash inflows from noncapital financing activities increased by $33.7 million primarily due to a $12.9 million increase in cash received from State appropriations and a $12.6 million increase in funds held for others. Cash used by capital and related financing activities increased by $21.6 million primarily due to the purchase or construction of capital assets. Cash used by investing activities decreased by $21.7 million primarily due to an increase in the sale of investments.

Major sources of funds came from State noncapital appropriations ($314.8 million), student tuition and fees, net ($295.1 million), Federal and State student financial aid ($139.0 million), and grants and contracts ($110.2 million). Major uses of funds were for payments made to and on behalf of employees ($556.3 million), payments to suppliers for goods and services ($210.2 million), payments related to the purchase or construction of capital assets ($87.8 million), and payments to students for scholarships and fellowships ($83.0 million).

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the University had $1.7 billion in capital assets, less accumulated depreciation of $731.5 million, for net capital assets of $994.9 million. Depreciation charges for the current fiscal year totaled $60.0 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)

	2016	2015
Land	$ 28,133	$ 24,822
Construction in Progress	37,684	16,805
Buildings	832,494	704,446
Infrastructure and Other Improvements	29,839	30,094
Furniture and Equipment	40,694	38,218
Library Resources	22,701	19,477
Leasehold Improvements	2,567	2,569
Works of Art and Historical Treasures	816	910
Capital Assets, Net	$ 994,928	$ 837,341

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2016, were incurred on the following projects completed during the 2015-16 fiscal year: Global Achievement Building and Bennett Building Renovations and the following projects currently in progress: Interdisciplinary Research & Incubator Facility, Parking Garage C Expansion, and the Mathematical Sciences Building Renovation. The University's major construction commitments at June 30, 2016, are as follows:

	Amount (In Thousands)
Total Committed	$ 79,446
Completed to Date	(37,684)
Balance Committed	$ 41,762

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

Debt Administration

As of June 30, 2016, the University had $186.7 million in outstanding capital improvement debt payable and bonds payable, representing a decrease of $9.9 million, or 5 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt, at June 30:

(In Thousands)

	2016	2015
Capital Improvement Debt	$ 133,954	$ 142,478
Bonds Payable	52,730	54,085
Total	$ 186,684	$ 196,563

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. Economic recovery and increased demand for State resources will continue to influence appropriations to higher education. The University manages these influences through the continual efficient and strategic use of resources and entrepreneurial efforts by academic, administrative, and auxiliary departments. The budget adopted by the Florida Legislature for the 2016-17 fiscal year provided a 4 percent increase to state universities, including $75 million in new recurring performance-based funding. The University tied for first in performance ratings and received $16.2 million of this funding. It is the only state university to rank among the top three universities for each of the past four years.

The Florida Legislature also provided $30 million in new funding for institutions that meet emerging pre-eminence and pre-eminence metrics aimed to advance the state's national reputation for higher education. The University of Central Florida is one of two institutions that qualified for emerging pre-eminence status and received $5 million of this funding, which will be invested in initiatives to enhance the University's reputation as a global research institution and advance toward pre-eminence status.

In addition to state funding, the University relies on other revenue streams to maintain the open access to and high quality of its academic programs. For the 2015-16 fiscal year, gross tuition and fee revenue increased by 5 percent in part due to an increase in non-resident enrollment. Overall, enrollment increased 3 percent with a student count of approximately 63,016. 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 Tracy Clark, CPA, Associate Provost for Budget, Planning and Administration and Associate Vice President for Finance, 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, 2016

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 30,462,997	$ 16,432,776
Restricted Cash and Cash Equivalents	4,101,306	21,524,829
Investments	405,697,300	-
Accounts Receivable, Net	61,031,777	15,904,722
Loans and Notes Receivable, Net	1,165,621	-
Due from State	54,869,166	-
Due from Component Units	1,296,395	732,865
Due from University	-	14,905,609
Inventories	2,585,557	35,643
Other Current Assets	3,968,901	807,622
Total Current Assets	565,179,020	70,344,066
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	13,753,804	2,731,394
Restricted Investments	123,871,662	184,414,645
Loans and Notes Receivable, Net	5,649,396	13,315,544
Depreciable Capital Assets, Net	928,893,318	120,691,340
Nondepreciable Capital Assets	66,035,062	54,994,116
Due from Component Units	6,614,649	-
Other Noncurrent Assets	1,257,261	1,328,053
Total Noncurrent Assets	1,146,075,152	377,475,092
Total Assets	1,711,254,172	447,819,158
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	57,578,139	-
Accumulated Decrease in Fair Value of Hedging Derivatives	18,102,762	-
Deferred Loss on Debt Refunding	-	729,631
Total Deferred Outflows of Resources	75,680,901	729,631
LIABILITIES		
Current Liabilities:		
Accounts Payable	16,798,422	7,336,577
Construction Contracts Payable	7,583,170	-
Salary and Wages Payable	19,943,742	-
Deposits Payable	11,304,742	-
Due to Component Units	14,905,609	732,865
Due to University	-	1,296,395
Unearned Revenue	13,153,631	12,329,742
Other Current Liabilities	345,716	1,801,621
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	8,155,000	-
Bonds Payable	1,415,000	4,674,000
Loans and Notes Payable	-	2,531,094
Certificates of Participation Payable	-	4,045,000
Compensated Absences Payable	3,643,342	81,403
Net Pension Liability	1,828,046	-
Total Current Liabilities	99,076,420	34,828,697

University of Central Florida
A Component Unit of the State of Florida
Statement of Net Position (Continued)

June 30, 2016

		University		Component Units
LIABILITIES (Continued)				
Noncurrent Liabilities:				
Capital Improvement Debt Payable	$	125,798,938	$	-
Bonds Payable		51,315,000		128,802,617
Certificates of Participation Payable		-		108,600,000
Loans and Notes Payable		-		29,572,947
Compensated Absences Payable		48,404,404		405,403
Other Postemployment Benefits Payable		79,335,000		-
Net Pension Liability		115,580,888		-
Unearned Revenues		-		1,939,374
Due to University		-		6,614,649
Interest Rate Swap		18,102,762		-
Other Noncurrent Liabilities		6,502,495		39,000
Total Noncurrent Liabilities		445,039,487		275,973,990
Total Liabilities		544,115,907		310,802,687
DEFERRED INFLOWS OF RESOURCES				
Deferred Amounts Related to Pensions		18,246,594		-
Deferred Gain on Debt Refunding		-		194,677
Total Deferred Inflows of Resources		18,246,594		194,677
NET POSITION				
Net Investment in Capital Assets		813,145,640		(99,493,144)
Restricted for Nonexpendable:				
Endowment		-		126,195,611
Restricted for Expendable:				
Debt Service		1,428,058		-
Loans		3,862,392		-
Capital Projects		180,230,865		407,700
Other		23,373,973		86,807,633
Unrestricted		202,531,644		23,633,625
TOTAL NET POSITION	$	1,224,572,572	$	137,551,425

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

University of Central Florida
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $113,674,151 (Pledged for Capital Improvement Debt: $16,992,114 for Student Health and $14,264,670 for Parking)	$ 297,339,405	$ -
Federal Grants and Contracts	91,346,164	-
State and Local Grants and Contracts	7,566,906	-
Nongovernmental Grants and Contracts	18,212,032	-
Sales and Services of Auxiliary Enterprises (Net) Pledged for Capital Improvement Debt: $29,758,635 for Housing and $6,152,174 for Parking	72,417,645	-
Gifts and Donations	-	29,690,426
Interest on Loans and Notes Receivable	94,750	-
Other Operating Revenues Pledged for Capital Improvement Debt: $447,691 for Housing and $1,092,190 for Parking)	5,846,957	103,188,737
Total Operating Revenues	492,823,859	132,879,163
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	582,054,745	18,970,329
Services and Supplies	188,552,534	100,097,855
Utilities and Communications	23,578,918	-
Scholarships, Fellowships, and Waivers	83,048,276	-
Depreciation	60,044,633	7,181,781
Total Operating Expenses	937,279,106	126,249,965
Operating Income (Loss)	(444,455,247)	6,629,198
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	314,820,353	-
Federal and State Student Financial Aid	139,245,512	-
Investment Income	14,378,615	452,974
Other Nonoperating Revenues	12,727,825	16,114,579
Loss on Disposal of Capital Assets	(589,965)	(85,885)
Interest on Capital Asset-Related Debt	(8,384,696)	(10,615,470)
Other Nonoperating Expenses	(27,729,363)	(4,332,127)
Net Nonoperating Revenues	444,468,281	1,534,071
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	13,034	8,163,269
State Capital Appropriations	28,442,294	-
Capital Transfers In (Out)	128,699,182	(128,699,182)
Capital Grants, Contracts, Donations, and Fees	719,321	-
Additions to Permanent Endowments	-	3,180,410
Increase (Decrease) in Net Position	157,873,831	(117,355,503)
Net Position, Beginning of Year	1,066,698,741	254,906,928
Net Position, End of Year	$ 1,224,572,572	$ 137,551,425

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, 2016

		University
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees, Net	$	295,104,922
Grants and Contracts		110,158,043
Sales and Services of Auxiliary Enterprises, Net		72,015,308
Interest on Loans and Notes Receivable		92,161
Payments to Employees		(556,320,902)
Payments to Suppliers for Goods and Services		(210,174,278)
Payments to Students for Scholarships and Fellowships		(83,048,276)
Loans Issued to Students		690,267
Collection on Loans to Students		(1,207,873)
Other Operating Receipts		6,085,627
Net Cash Used by Operating Activities		(366,605,001)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Noncapital Appropriations		314,820,353
Federal and State Student Financial Aid		139,010,697
Federal Direct Loan Program Receipts		254,334,825
Federal Direct Loan Program Disbursements		(254,334,825)
Net Change in Funds Held for Others		11,646,524
Other Nonoperating Disbursements		(12,914,099)
Net Cash Provided by Noncapital Financing Activities		452,563,475
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State Capital Appropriations		20,038,607
Capital Grants, Contracts, Donations and Fees		467,542
Other Receipts for Capital Projects		1,533,171
Purchase or Construction of Capital Assets		(87,815,096)
Principal Paid on Capital Debt and Leases		(9,822,765)
Interest Paid on Capital Debt and Leases		(8,569,072)
Net Cash Used by Capital and Related Financing Activities		(84,167,613)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments		740,493,339
Purchases of Investments		(753,114,701)
Investment Income		9,358,577
Net Cash Used by Investing Activities		(3,262,785)
Net Decrease in Cash and Cash Equivalents		(1,471,924)
Cash and Cash Equivalents, Beginning of Year	$	49,790,031
Cash and Cash Equivalents, End of Year	$	48,318,107

University of Central Florida
A Component Unit of the State of Florida
Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2016

		University
RECONCILIATION OF OPERATING LOSS		
TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$	(444,455,247)
Adjustments to Reconcile Operating Loss		
to Net Cash Used by Operating Activities:		
Depreciation Expense		60,044,633
Changes in Assets, Liabilities, Deferred Outflows of Resources,		
and Deferred Inflows of Resources:		
Receivables, Net		(7,744,162)
Inventories		(139,351)
Other Assets		2,047,873
Accounts Payable		(930)
Salaries and Wages Payable		4,102,839
Deposits Payable		59,571
Compensated Absences Payable		4,381,206
Unearned Revenue		(2,151,230)
Other Postemployment Benefits Payable		19,533,000
Net Pension Liability		47,582,400
Deferred Outflows of Resources Related to Pensions		(16,989,836)
Deferred Inflows of Resources Related to Pensions		(32,875,767)
NET CASH USED BY OPERATING ACTIVITIES	$	(366,605,001)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND		
CAPITAL FINANCING ACTIVITIES		
Unrealized gains on investments were recognized as a increase 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.	$	4,690,055
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.	$	(589,965)
Capital transfers from component units were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$	128,699,182

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 Comprehensive Annual Financial Report by discrete presentation.

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

An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual report is submitted to the Auditor General and the University Board of Trustees. Additional information on the University's discretely presented component units, including copies of audit reports, is available by contacting the Associate Provost for Budget, Planning and Administration and Associate Vice President for Finance. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

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

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

Measurement Focus and Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The 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 accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follows GASB standards of accounting and financial reporting.

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the 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, on a ratio of total aid to the aid not considered third-party aid.

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

Cash and Cash Equivalents - University. Cash and cash equivalents consist of cash on hand and cash in demand accounts, money market funds, and investments with original maturities of three months or less. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. The University also holds $36,960,969 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 $3,937,333 in money market funds. The money market funds are uninsured, but collateralized by securities held by the financial institutions, not in the name of the Corporation. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

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

Component Unit	Cash in Bank	Money Market Funds	Total
The University of Central Florida Foundation, Inc.	$ 12,623,126	$ 5,168,072	$ 17,791,198
The University of Central Florida Research Foundation, Inc.	411,541	-	411,541
The UCF Athletics Association, Inc.	1,168,535	-	1,168,535
The UCF Convocation Corporation	-	17,607,394	17,607,394
The UCF Stadium Corporation	-	942,872	942,872
The Central Florida Clinical Practice Organization, Inc.	2,767,459	-	2,767,459
Total Component Units	$ 16,970,661	$ 23,718,338	$ 40,688,999

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 $7,936,623, $4,465,715, and $2,184,417, respectively.

Other Component Units.

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 swept on an overnight basis from operating bank accounts into interest-bearing money market accounts with maturity dates of less than 90 days. At June 30, 2016, approximately $11,123,126 in cash deposits were not insured by Federal deposit insurance and were not collateralized.
- **University of Central Florida Research Foundation** – The Research Foundation maintains a repurchase sweep account with a local bank. The target balance in the main operating account

is “swept” overnight by the bank and is collateralized by mortgage-backed securities issued by the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation, which have been temporarily sold to the Research Foundation under the terms of the repurchase agreement. The balance in the repurchase account as of June 30, 2016, was $175,973. This amount is insured by the Federal Deposit Insurance Corporation (FDIC).

- **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, 2016, $1,199,335 of the Association’s bank balance was exposed to custodial credit risk as uninsured and uncollateralized.
- **The Central Florida Clinical Practice Organization, Inc.** - At June 30, 2016, The Central Florida Clinical Practice Organization, Inc. had deposits in banking institutions. A portion of the deposits, totaling $2,580,011, were in excess of the Federal deposit insurance limit as of June 30, 2016.
- **UCF Convocation Corporation** – At June 30, 2016, the Convocation Corporation held $16,373,938 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.
- **UCF Stadium Corporation** – At June 30, 2016, the Stadium Corporation held $942,872 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.

Fair Value Measurement. 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; Level 3 inputs are significant unobservable inputs.

Capital Assets. University capital assets consist of land; construction in progress; buildings, infrastructure and other improvements; furniture and equipment; library resources; leasehold improvements; works of art and historical treasures; and computer software and other capital assets. These assets are capitalized and recorded at 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, and $5,000 for tangible personal property. New buildings and improvements have a $100,000 capitalization threshold. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 5 to 10 years
- Library Resources – 10 years
- Leasehold Improvements – the lessor of the remaining lease term, or the estimated useful life of the improvement

- Works of Art and Historical Treasures – 5 to 15 years
- Computer Software – 5 to 10 years

Noncurrent Liabilities. Noncurrent liabilities include capital improvement debt payable, bonds payable, capital leases payable, compensated absences payable, other postemployment benefits payable, and net pension liabilities, interest rate swap, 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 position 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's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, 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 Changes

The University implemented GASB Statement No.72, *Fair Value Measurement and Application,* which requires the University to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value.

The University implemented GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

3. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The Board of Trustees has 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 and the University investment manual. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; 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.

All of the University's recurring fair value measurements as of June 30, 2016 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 deposits which are valued using matrix pricing models 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, 2016, are reported as follows:

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
External Investment Pool:				
State Treasury Special Purpose Investment Account	$ 310,338,461	$ -	$ -	$ 310,338,461
SBA Florida Prime	421,401	421,401	-	-
SBA Debt Service Accounts	1,414,586	1,414,586	-	-
Certificates of Deposit	226,273	-	226,273	-
United States Government and Federally-Guaranteed Obligations	28,924,957	28,924,957	-	-
Federal Agency Obligations	29,636,660	657,538	28,979,122	-
Bonds and Notes	77,349,120	-	77,349,120	-
Mutual Funds				
Equities	71,745,876	71,745,876	-	-
Bonds	9,511,628	9,511,628	-	-
Total investments by fair value level	$ 529,568,962	$ 112,675,986	$ 106,554,515	$ 310,338,461

Investments held by the University's component units at June 30, 2016, are reported as follows:

Investments by fair value level	University of Central Florida Foundation Inc.	University of Central Florida Research Foundation 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)
Domestic Equity	$ 8,968,893	$ 462,620	$ 9,431,513	$ 9,290,690	$ 140,823	$ -
International Equity	17,072,767	-	17,072,767	17,072,767	-	-
Domestic Fixed Income	40,249,312	-	40,249,312	40,249,312	-	-
Global All Assets	13,752,077	-	13,752,077	13,752,077	-	-
Real Assets	12,642,876	-	12,642,876	642,876	-	12,000,000
Total investments by fair value level	$ 92,685,925	$ 462,620	$ 93,148,545	$ 81,007,722	$ 140,823	$ 12,000,000
Investments measured at the net asset value (NAV)						
Domestic Equity	4,077,791	-	4,077,791			
International Equity	42,108,100	-	42,108,100			
Global All Assets	6,949,472	-	6,949,472			
International Fixed Income	12,526,480	-	12,526,480			
Private Equity Funds	1,534,520	-	1,534,520			
Hedge Funds:						
Credit	1,901,291	-	1,901,291			
Event driven	9,444,980	-	9,444,980			
Global macro	4,684,096	-	4,684,096			
Long short	4,305,522	-	4,305,522			
Long short credit	1,909,205	-	1,909,205			
Equity linked	1,600,240	-	1,600,240			
Total investments measured at NAV	91,041,697	-	91,041,697			
Investments mesured using the equity method		224,403	224,403			
Total investments	$ 183,727,622	$ 687,023	$ 184,414,645			

All of the University's component units' recurring fair value measurements as of June 30, 2016 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.**	**University of Central Florida Research Foundation Inc.**	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
Domestic Equity	$ 4,077,791	$ -	$ 4,077,791	$ -	Daily	1 day
International Equity	42,108,100	-	42,108,100	-	Daily	1 day
Global All Assets	6,949,472		6,949,472	-	Daily	1 day
International Fixed Income	12,526,480	-	12,526,480	-	Daily	1 day
Private Equity Funds	1,534,520	-	1,534,520	7,516,360	n/a	n/a
Hedge Funds:						
Credit	1,901,291	-	1,901,291	-	Quarterly	90 days
Event driven	9,444,980	-	9,444,980	-	Quarterly	60-90 days
Global macro	4,684,096	-	4,684,096	-	Monthly	3 days
Long short	4,305,522	-	4,305,522	-	Quarterly	35-45 days
Long short credit	1,909,205	-	1,909,205	-	Quarterly	30 days
Equity linked	1,600,240	-	1,600,240	-	Quarterly	30 days
Total investments measured at the NAV	$ 91,041,697	$ -	$ 91,041,697			

Net Asset Value

GASB Standards 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.

Global All Assets: The fund invests in a global strategy including domestic, international, and global companies and is privately placed and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of this fund is provided by the money manager which uses a quoted price in active markets for the underlying assets.

International Fixed Income: Two of the funds invest in fixed income bonds ranging in credit ratings focused on domestic and international investments. One fund utilizes a focus on credit driven strategies for the underlying investments and can contain both domestic and international investments in the portfolio. 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 the three funds are provided by the money managers which use a quoted price in active markets for the underlying assets.

Private Equity Funds: Private equity includes four distinct limited partnerships or limited liability companies with a total of seven investment vehicles. 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. Private equity is capital not traded on a public, primary exchange. For the purposes of this portfolio, 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. In this portfolio, private equity 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.

Credit and Long Short Credit Hedge Funds: The credit linked 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 Long/Short Hedge Funds: The equity long\short hedge fund class includes investments in hedge funds that invest both long and short stocks and equity indices. Management of the hedge funds has the ability to shift investments across a variety of stocks, equity indices, and to a lesser extent other securities from a net long position to a net short position. In this portfolio, the managers are focused primarily on the United States, Europe and Asia. 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 principle protection while providing exposure to equities. Returns are dependent on performance of the equities options. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

External Investment Pools

The University reported investments at fair value totaling $310,338,461 at June 30, 2016, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The SPIA carried a credit rating of A+f by Standard & Poor's, had an effective duration of 2.61 years and fair value factor of 1.0143 at June 30, 2016. Participants contribute to the Treasury Pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value 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 Comprehensive Annual Financial Report.

At June 30, 2016, the University reported investments totaling $421,401 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The University's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 39 days as of June 30, 2016. A portfolio's WAM reflects the average maturity in days, based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the Florida PRIMEinvestment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost. Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days." As of June 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

<u>State Board of Administration Debt Service Accounts</u>

The University reported investments totaling $1,414,586 at June 30, 2016, 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 Comprehensive Annual Financial Report.

<u>Other Investments</u>

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 and bond mutual funds, and their future maturities at June 30, 2016, are as follows:

University Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years) Less Than 1	1 - 5	More Than 5
U.S. Government and				
Federally-Guaranteed Obligations	$ 28,924,957	$ 8,214,858	$ 16,511,762	$ 4,198,337
Federal Agency Obligations	29,636,660	3,003,297	6,623,753	20,009,610
Bonds and Notes	77,349,120	6,050,090	54,001,441	17,297,589
Mutual Funds - Bonds	9,511,628	319,737	5,626,712	3,565,179
Total University	$ 145,422,365	$ 17,587,982	$ 82,763,668	$ 45,070,715

Component Units' Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years) Less Than 1	1 - 5	More Than 5
Domestic Fixed Income	$ 40,249,313	$ -	$ 35,545,539	$ 4,703,774
International Fixed Income	12,526,480	8,202,515	-	4,323,965
Global All Assets	14,063,950	-	7,114,478	6,949,472
Total Component Units	$ 66,839,743	$ 8,202,515	$ 42,660,017	$ 15,977,211

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, 2016, of the University's and its component units' debt instruments using Moody's and Standard and Poor's, nationally recognized rating agencies:

University Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A or Not Rated
Federal Agency Obligations	$ 29,636,660	$ 29,636,660	$ -	$ -	$ -
Bonds and Notes	77,349,120	26,882,618	12,124,017	35,188,383	3,154,102
Mutual Funds - Bonds	9,511,628	-	1,462,934	376,426	7,672,268
Total University	$ 116,497,408	$ 56,519,278	$ 13,586,951	$ 35,564,809	$ 10,826,370

Component Units' Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A or Not Rated
Domestic Fixed Income	$ 40,249,313	$ 4,407,933	$ 28,977,437	$ 6,817,828	$ 46,115
International Fixed Income	12,526,480	-	-	3,799,290	8,727,190
Global All Assets	14,063,950	-	-	7,114,478	6,949,472
Total Component Units	$ 66,839,743	$ 4,407,933	$ 28,977,437	$ 17,731,596	$ 15,722,777

*Concentration of Credit Ris*k: 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 policy states that not more than five percent of the investment portfolio's assets shall be invested in securities on any one issuing company, and no single corporate bond issuer shall exceed five percent of the portfolio. Guidelines for individual sectors of the portfolio further indicate percentage limitations.

4. Receivables

Accounts Receivable. Accounts receivable represent amounts for contract and grant reimbursements due from third parties, student tuition and fees, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2016, the University reported the following amounts as accounts receivable:

Description	Amount
Contracts and Grants	$ 28,916,046
Student Tuition and Fees	27,124,351
Other	4,991,380
Total Accounts Receivable	$ 61,031,777

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

Allowance for Doubtful Receivables. Allowances for doubtful accounts, and loans and notes receivable, are reported based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. Accounts receivable, and loans and notes receivable, are reported net of allowances of $1,797,419 and $765,289, respectively, at June 30, 2016.

5. Due From State

The amount due from State consists of $ 54,869,166 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations due from the State to the University for construction of University facilities.

6. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2016, is shown in the following table:

Description	Beginning Balance	Adjustments (1)	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:					
Land	$ 24,821,959	$ -	$ 3,310,644	$ -	$ 28,132,603
Works of Art and Historical Treasures	218,000	-	-	-	218,000
Construction in Progress	16,805,071	-	45,021,450	24,142,062	37,684,459
Total Nondepreciable Capital Assets	$ 41,845,030	$ -	$ 48,332,094	$ 24,142,062	$ 66,035,062
Depreciable Capital Assets:					
Buildings	$ 1,072,221,167	$ 126,599,154	$ 37,307,233	$ -	$ 1,236,127,554
Infrastructure and Other Improvements	54,651,869	2,100,028	-	-	56,751,897
Furniture and Equipment	200,305,208	-	18,786,828	7,011,305	212,080,731
Library Resources	118,856,324	-	7,973,219	-	126,829,543
Leasehold Improvements	17,775,876	-	1,292,125	-	19,068,001
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	1,473,338,233	128,699,182	65,359,405	7,011,305	1,660,385,515
Less, Accumulated Depreciation:					
Buildings	367,775,630	-	35,857,757	-	403,633,387
Infrastructure and Other Improvements	24,558,356	-	2,354,313	-	26,912,669
Furniture and Equipment	162,087,364	-	15,694,309	6,394,993	171,386,680
Library Resources	99,379,160	-	4,749,533	-	104,128,693
Leasehold Improvements	15,206,493	-	1,294,405	-	16,500,898
Works of Art and Historical Treasures	985,119	-	94,316	-	1,079,435
Computer Software and Other Capital Assets	7,850,435	-	-	-	7,850,435
Total Accumulated Depreciation	677,842,557	-	60,044,633	6,394,993	731,492,197
Total Depreciable Capital Assets, Net	$ 795,495,676	$ 128,699,182	$ 5,314,772	$ 616,312	$ 928,893,318

Note: (1) Adjustments to capitalized assets resulted from the transfer of the football stadium, convocation center and related retail, and parking facilities. The Certificate of Participation Payable and Bonds Payable – Component Units section of Note 9 below includes a complete discussion of the transfer.

7. Unearned Revenue

Unearned revenue at June 30, 2016, includes contract and grant prepayments, auxiliary prepayments, and student tuition and fees received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2016, the University reported the following amounts as unearned revenue:

Description	Amount
Contract and Grant Prepayments	$ 5,456,160
Auxiliary Prepayments	6,816,963
Student Tuition and Fees	880,508
Total Unearned Revenue	$ 13,153,631

8. Deferred Outflow / Inflow Of Resources

One of the University's blended component units (UCF Finance Corporation) entered into an interest rate swap agreement in connection with its $60 million bond issuance to manage the risk of rising interest rates on its variable rate-based debt. Deferred outflow of resources includes the effect of deferring accumulated decreases in fair value of a hedging derivative related to this interest rate swap agreement. Accumulated decrease in the fair value of hedging derivatives for the year ended June 30, 2016, was $18,102,762. The Bonds Payable section of Note 9 below includes a complete discussion of the swap agreement.

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 $57,578,139 and deferred inflows of resources related to pensions were $18,246,594 for the year ended June 30, 2016. Note 10 includes a complete discussion of defined benefit pension plans.

9. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2016, include capital improvement debt payable, bonds payable, capital leases payable, compensated absences payable, other postemployment benefits payable, net pension liability, interest rate swap, and other noncurrent liabilities. Long-term liabilities activity for the fiscal year ended June 30, 2016, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	$ 142,478,346	$ -	$ 8,524,408	$ 133,953,938	$ 8,155,000
Bonds Payable	54,085,000	-	1,355,000	52,730,000	1,415,000
Compensated Absences Payable	47,673,860	8,661,730	4,287,844	52,047,746	3,643,342
Other Postemployment Benefits Payable	59,802,000	22,125,000	2,592,000	79,335,000	-
Net Pension Liability	69,826,534	106,417,297	58,834,897	117,408,934	1,828,046
Interest Rate Swap	13,107,659	4,995,103	-	18,102,762	-
Other Noncurrent Liabilities	6,600,805	106,636	204,946	6,502,495	-
Total Long-Term Liabilities	$ 393,574,204	$ 142,305,766	$ 75,799,095	$ 460,080,875	$ 15,041,388

Capital Improvements Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2016:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2002 - Housing	$ 14,055,000	$ 5,559,435	4.1 to 4.5	2021
2007A - Housing	38,780,000	28,493,195	4.0 to 5.5	2030
2012A - Housing	66,640,000	64,432,691	3.0 to 5.0	2042
Total Student Housing Debt	119,475,000	98,485,321		
Student Health Center Debt				
2004A	8,000,000	3,990,595	4.5 to 5.0	2024
Parking Garage Debt:				
2004A - Parking Garage V	18,455,000	6,636,163	3.75 to 4.20	2024
2010B - Parking Garage VI	11,140,000	11,140,000	4.5 to 6.2	2029
2011A - Parking Garage	11,005,000	6,494,905	3.0 to 5.0	2022
2012A - Parking Garage	7,860,000	7,206,954	3.0 to 5.0	2032
Total Parking Garage Debt	48,460,000	31,478,022		
Total Capital Improvement Debt	$ 175,935,000	$ 133,953,938		

Note: (1) Amount outstanding includes unamortized discounts and premiums.

The University has pledged a portion of future housing rental, parking revenues, and health service facility fees based on credit hours to repay $175,935,000 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, student health facilities, and student parking garages. The bonds are payable solely from housing rental revenues, parking and transportation fees, and student health fees and are payable through 2042. The University has committed to appropriate each year, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $185,201,115, and principal and interest paid for the current year totaled $14,526,489. During the 2015-16 fiscal year, operating revenues generated from housing rentals, parking revenues, and student health fees totaled $30,206,326, $21,509,034, and $16,992,114, respectively. Debt for 2010A Parking Garage VI was paid in full as of June 30, 2016.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2016, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2017	$ 8,155,000	$ 5,818,121	$ 13,973,121
2018	8,520,000	5,430,116	13,950,116
2019	8,355,000	5,013,526	13,368,526
2020	8,745,000	4,603,128	13,348,128
2021	8,590,000	4,169,909	12,759,909
2022-2026	36,530,000	15,261,517	51,791,517
2027-2031	29,135,000	7,710,979	36,845,979
2032-2036	9,630,000	3,930,363	13,560,363
2037-2041	11,230,000	1,774,375	13,004,375
2042	2,545,000	54,081	2,599,081
Subtotal	131,435,000	53,766,115	185,201,115
Net Discounts and Premiums	2,518,938	-	2,518,938
Total	$ 133,953,938	$ 53,766,115	$ 187,720,053

Bonds Payable. One of the University's blended component units, the UCF Finance Corporation (Corporation), issued $60 million in bonds to finance the construction of the Burnett Biomedical Sciences Building, part of the University's medical school. The bonds are secured by indirect cost revenues received by the University from Federal, State, and private grants and further secured by a letter of credit issued by a local bank not to exceed $60 million. The bonds are variable interest rate bonds with a synthetic interest rate of 4.49 percent at June 30, 2016. They mature on July 1, 2037.

The University agreed to use a ground sublease to lease to its blended component unit, the Corporation, a parcel of property located in Orange County, Florida, 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 bond indenture and all amounts required to be paid associated with the bond issuance.

Annual requirements to amortize the outstanding notes as of June 30, 2016, are as follows:

Fiscal Year Ending June 30	**Bonds Payable Principal**	**Bonds Payable Interest**	**Interest Rate Swap**	**Net Cash Flows**
2017	$ 1,415,000	$ 2,307,465	$ 58,003	$ 3,780,468
2018	1,490,000	2,245,544	56,447	3,791,991
2019	1,555,000	2,180,342	54,808	3,790,150
2020	1,630,000	2,112,295	53,097	3,795,392
2021	1,700,000	2,040,966	51,304	3,792,270
2022-2026	9,805,000	9,013,466	226,573	19,045,039
2027-2031	12,335,000	6,657,865	167,360	19,160,225
2032-2036	15,520,000	3,692,906	92,830	19,305,736
2037-2040	7,280,000	481,579	12,106	7,773,685
Total	$ 52,730,000	$ 30,732,428	$ 772,528	$ 84,234,956

The Corporation entered into an interest rate swap agreement in connection with $60 million variable-rate bond issuance as a means to lower its borrowing costs when compared with fixed-rate bonds at the time of their issuance in June 2007. The Corporation utilizes such derivatives to manage the risk of rising interest rates on its variable interest-rate based debt. The counterparty to the interest rate swap agreement is a regional bank. Credit loss from counterparty nonperformance is not anticipated. Under the interest rate swap agreement, the Corporation pays the counterparty a fixed payment of 4.38 percent and receives a variable payment based on the Securities Industry and Financial Market Association swap index (0.41 percent at June 30, 2016). The variable-rate coupons of the bonds are reset weekly by the remarketing agent. As of June 30, 2016, the Corporation was not exposed to credit risk on this interest rate swap agreement because it had a negative fair value of $18,102,762, which is reported in deferred outflows of resources on the statement of net position. This deferred outflow of resources reflects the settlement amount the Corporation would have to pay on June 30, 2016, to cancel the interest rate swap agreement which approximates the fair value of the liability transferred to a market participant. The liability's fair value is estimated based on valuation models, using interest rates and yield curves that are observable at commonly quoted intervals as the inputs (Level 2). If interest rates change and the fair value of the interest rate swap agreement becomes positive, the Corporation would have a gross exposure to credit risk in the amount of the derivative's fair value. In accordance with the Corporation's policy to mitigate the potential for credit risk, the Corporation may require that the fair value of the interest rate swap agreement be fully collateralized by a letter of credit if the counterparty's credit quality falls below AA/Aa. As of June 30, 2016, collateralization was not required due to the swap agreement having a negative fair value.

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

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, 2016, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $52,047,746. The current portion of the compensated absences liability, $3,643,342, is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years calculated as a percentage of those years' total compensated absences liability.

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

Plan Description. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program, an agent multiple-employer defined benefit plan (OPEB Plan). 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, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. A stand-alone report is not issued and the OPEB Plan information is not included in the annual report of a public employee retirement system or another entity.

Funding Policy. OPEB Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The State has not advance-funded other postemployment benefit (OPEB) costs or the net OPEB obligation. Premiums necessary for funding the OPEB Plan each year on a pay-as-you-go basis are established by the Governor's recommended budget and the General Appropriations Act. For the 2015-16 fiscal year, 507 retirees received postemployment healthcare benefits. The University provided required contributions of $2,592,000 toward the annual OPEB cost, composed of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled $3,565,000, which represents 1.0 percent of covered payroll.

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

Description	Amount
Normal Cost (Service Cost for One Year)	$ 12,659,000
Amortization of Unfunded Actuarial Accrued Liability	8,440,000
Interest on Normal Cost and Amortization	844,000
Annual Required Contribution	21,943,000
Interest on Net OPEB Obligation	2,392,000
Adjustment to Annual Required Contribution	(2,210,000)
Annual OPEB Cost (Expense)	22,125,000
Contribution Toward the OPEB Cost	(2,592,000)
Increase in Net OPEB Obligation	19,533,000
Net OPEB Obligation, Beginning of Year	59,802,000
Net OPEB Obligation, End of Year	$ 79,335,000

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2016, and for the 2 preceding fiscal years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013-14	$ 14,095,000	10.0%	$ 48,177,000
2014-15	12,943,000	10.2%	59,802,000
2015-16	22,125,000	11.7%	79,335,000

Funded Status and Funding Progress. As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $228,413,000, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $228,413,000, and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $364,535,289 for the 2015-16 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 62.7 percent.

Actuarial valuations for an OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Actuarially determined amounts regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The University's OPEB actuarial valuation as of July 1, 2015, used the entry-age cost actuarial method to estimate the actuarial accrued liability as of June 30, 2016, and the University's 2015-16 fiscal year ARC. This method was selected because it is the same method used for the valuation of the Florida Retirement System. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the University's expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.25 percent per year and an inflation rate of 3 percent. Initial healthcare cost trend rates were 4.4 percent, 8.5 percent, and 9.3 percent for the first 3 years, respectively, for all retirees in the Preferred Provider Option (PPO) Plan, and 3.5 percent, 6.6 percent, and 7.5 percent for the first 3 years for all retirees in the Health Maintenance Organization (HMO) Plan. The PPO and HMO healthcare trend rates both grade down to an ultimate rate of 3.9 percent over 70 years. The unfunded actuarial accrued liability is being amortized over 30 years using the level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016, was 21 years.

Net Pension Liability. As a participating employer in the Florida Retirement System, the University recognizes its proportionate share of collective net pension liabilities of the FRS cost-sharing multiple employer defined benefit plans. As of June 30, 2016, the University's proportionate share of the net pension liabilities totaled $117,408,934. Note 10 includes a complete discussion of the defined benefit pensions plan.

Interest Rate Swap. As described previously in the Bonds Payable paragraph above, the Corporation entered into an interest rate swap agreement in connection with its $60 million bond issuance. As of June 30, 2016, this interest rate swap agreement had a negative fair value of $18,102,762.

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 $6,358,506 as of June 30, 2016.

Certificate of Participation Payable and Bonds Payable – Component Units. During the 2004-05 and 2005-06 fiscal years, two certificates of participation were issued by the UCF Convocation Corporation to fund the construction of four residential housing towers, two adjacent parking facilities, and certain surrounding commercial retail space. Also during the 2005-06 fiscal year, the UCF Convocation Corporation issued two additional certificates of participation to fund the acquisition, construction, and installation of a new convocation center, renovation of the existing University Arena, and construction of related infrastructure.

The UCF Convocation Corporation extinguished the two certificate of participation long-term debt obligations related to the convocation center, renovations of the existing University Arena and related infrastructure by the issuance of revenue bonds debt instruments as follows:

In August 2015, 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 to a bank. The bonds will mature on October 1, 2035 and bear interest at fixed rates ranging from 0.75 to 5.00 percent per annum. Proceeds of $84,301,101 from the Refunding Revenue Bonds plus an additional $10,267,938 from the Corporations Debt Service accounts were used to purchase $94,569,039 of U.S. Treasury State and Local Government Series Securities. These securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2005A&B certificates, which defeased the certificates. The trust assets and the liability for the defeased certificates are not included in the statement of net position. The trust extinguished the defeased certificates on October 1, 2015. As a result of the refunding, the UCF Convocation Corporation reduced its capital improvement debt service requirement by $23,625,800 over the next 20 years and obtained an economic gain of $9,097,382.

The outstanding balance of UCF Convocation Corporation certificates and revenue bonds at June 30, 2016, was $112,645,000 and $82,825,000, respectively, before an unamortized premium of $1,089,234.

The extinguishment of the defeased certificates terminated the arena ground lease between the UCF Convocation Corporation and the University. Building and building improvements on the leased land transferred in ownership to the University at net book value of $75,058,907.

In conjunction with the August 2015 refunding, the University entered into an operating agreement with 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 it 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 one hundred 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 year ended June 30, 2016, totaled $2,200,000.

During the 2006-2007 fiscal year, certificates of participation were issued by the UCF Stadium Corporation for the construction of a football stadium on the campus of the University. These certificates were extinguished by the issuance of revenue bonds debt instruments as follows:

In December 2015, 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. These bonds were issued to refund and replace the Corporation's Series 2006A, 2006B, and 2014 Certificates of Participation. Proceeds of $46,577,576 from the refunding bonds plus an additional $4,879,667 from the Corporations debt service accounts were used to purchase $40,376,088 of U.S. Treasury State and Local Government Series Securities and to make a cash deposit with the Corporation's trust to prepay the balance on the 2006B taxable certificates. These securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2006A&B certificates, which defeased the certificates. The trust assets and the liability for the defeased certificates are not included in the statement of net position. The trust extinguished the defeased certificates on March 1st, 2016. As a result of the refunding, the Corporation reduced its capital improvement debt service requirement by $7,520,700 over the next 20 years and obtained an economic gain of $617,527.

The UCF Stadium Corporation's refunding 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 distribution and sponsorship revenues. These bonds bear fixed interest rates that range for 1.6 percent to 5.15 percent, and maturity dates that range from March 2029 to March 2036.

The extinguishment of the defeased certificates terminated the ground lease between the UCF Stadium Corporation and the University. All building and building improvements on the leased land transferred in ownership to the University at net book value of $53,640,275.

The outstanding balance of the UCF Stadium Corporation revenue bonds at June 30, 2016, was $47,297,000, before an unamortized premium of $2,265,383.

The University entered into support agreements with the UCF Convocation Corporation and 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. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts.

In addition, the University has entered into various support agreements with UCF Convocation Corporation whereby, in the event of certain deficiencies for debt service coverage requirements or reserve account shortfalls, the University agrees to transfer funds to cover any such deficiencies.

Also, in fiscal year 2016, the UCF Convocation Corporation met requirements necessary to release certain restricted funds held by the Convocation Corporation's trustee. The Convocation Corporation's governing board made the decision to remit these funds back to the University. Transfers to the University were $1,337,718 for the fiscal year ended June 30, 2016.

Loans and Notes Payable – Component Units. In October 1997, the University of Central Florida Foundation, Inc., signed renewal annuity notes payable with two Charitable Remainder Annuity Trusts for which the Foundation is named as irrevocable beneficiary. As of June 30, 2016, the outstanding principal balance of the notes payable was $1,960,883 and annuity obligations were $551,222. The notes mature in October 2017.

During 2004-05 fiscal year, the University of Central Florida Foundation, Inc., entered into two notes of $2,800,000 and $10,400,000, respectively, with banks for the purchase of land and buildings. The $10,400,000 note was refinanced during 2008-09 fiscal year. The notes are secured by the land, buildings, and lease revenues. The combined outstanding balances of the notes payable were $8,530,000 at June 30, 2016 and the notes mature in April 2017 and April 2029, respectively.

During the 2009-10 fiscal year, the University of Central Florida Foundation, Inc., entered into a loan agreement with a bank for $19,250,000. The note is comprised of both tax-exempt and taxable portions. The note is secured by buildings and lease revenue. The outstanding balance for both the taxable and tax exempt portions at June 30, 2016 was $14,830,000 and the loan matures on October 1, 2025.

The University of Central Florida Foundation, Inc., entered into a $2,450,000 line of credit with a credit union in November of 2004, for construction of the Alumni Center. As of June 30, 2016, there was no outstanding principal balance.

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 June 2016, the UCF Athletics Association renewed the agreement until July 2017, which carries interest at 67 percent of LIBOR plus 1.34 percent (1.68 percent at June 30, 2016). The note is secured by an amount not to exceed 5% of the prior year's collection of student athletic fees and conference payments from the American conference. As of June 30, 2016, the amount outstanding on the note was $6,184,999.

In June 2015, the UCF Athletics Association, Inc., also renewed an operating line of credit agreement with a local bank for $2,000,000. The line carries an interest rate of LIBOR plus 2.00 percent (2.47 percent at June 30, 2016). The line is secured by all contract royalties under a multimedia agreement, as well as, all NCAA grant-in-aid and sports sponsorship distributions. As of June 30, 2016, there was no amount outstanding on the operating line of credit.

Due to University – Component Units. The UCF Athletics Association 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. A payment of $3,031,485 was made for fiscal 2016 with future years' payments ranging from $500,000 to $1,200,000. The loan matures in fiscal 2025 and bears interest at a variable rate equal to the preceding fiscal year's average SPIA rate of return. As of June 30, 2016, the amount outstanding, including interest, totaled $7,016,648.

10. 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 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. 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.

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. A comprehensive annual 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 $13,931,257 for the fiscal year ended June 30, 2016.

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 service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. 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.

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 chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	**% Value**
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Special Risk Regular	
Service on and after October 1, 1974	3.00
Senior Management Service Class	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS 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 is 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 2015-16 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	7.26
FRS, Senior Management Service	3.00	21.43
FRS, Special Risk	3.00	22.04
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.88
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 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 $13,653,222 for the fiscal year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the University reported a liability of $69,510,775 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The University's proportionate share of the net pension liability was based on the University's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the University's proportionate share was 0.54 percent, which was an increase of 0.06 from its proportionate share measured as of June 30, 2014.

For the year ended June 30, 2016, the University recognized pension expense of $9,689,616. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,338,280	$ 1,648,584
Change of assumptions	4,613,663	-
Net difference between projected and actual earnings on FRS Plan investments	-	16,598,010
Changes in proportion and differences between University contributions and proportionate share of contributions	21,629,649	-
University FRS contributions subsequent to the measurement date	13,653,222	-
Total	$ 47,234,814	$ 18,246,594

The deferred outflows of resources related to pensions totaling $13,653,222, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2017	$ (778,843)
2018	(778,843)
2019	(778,843)
2020	12,915,034
2021	3,941,016
Thereafter	815,477
Total	$ 15,334,998

Actuarial Assumptions. The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	7.65 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity (Domestic and International)	53%	8.5%	7.2%	17.7%
Real estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%
Total	100%			
Assumed inflation - Mean		2.6%		1.9%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.65 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.

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 7.65 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.65 percent) or 1 percentage point higher (8.65 percent) than the current rate:

	Decrease (6.65%)	Discount Rate (7.65%)	Increase (8.65%)
University's proportionate share of the net pension liability	$ 180,118,140	$ 69,510,775	$ (22,532,720)

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 Comprehensive Annual 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. 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, 2016, 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, 2016, 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 $2,561,234 for the fiscal year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the University reported a liability of $47,898,159 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 one 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, 2015, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to the HIS Plan actuarial valuation as of July 1, 2014. The University's proportionate share of the net pension liability was based on the University's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the University's proportionate share was 0.47 percent, which was an increase of 0.04 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the University recognized pension expense of $4,241,641. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources
Change of assumptions	$ 3,768,335
Net difference between projected and actual earnings on HIS Plan investments	25,929
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	3,987,827
University HIS contributions subsequent to the measurement date	2,561,234
Total	$ 10,343,325

The deferred outflows of resources totaling $2,561,234 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2017	$ 1,329,481
2018	1,329,481
2019	1,329,481
2020	1,324,211
2021	1,321,681
Thereafter	1,147,756
Total	$ 7,782,091

Actuarial Assumptions. The total pension liability at July 1, 2015 determined by applying update procedures to the actuarial valuation at July 1, 2014, used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.80 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

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

Discount Rate. The discount rate used to measure the total pension liability was 3.8 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 to determine the total pension liability decreased from 4.29 percent from the prior measurement date.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 3.8 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.8 percent) or 1 percentage point higher (4.8 percent) than the current rate:

	1% Decrease (2.8%)	Current Discount Rate (3.8%)	1% Increase (4.8%)
University's proportionate share of the net pension liability	$ 54,577,723	$ 47,898,159	$ 42,328,406

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 Comprehensive Annual Financial Report.

11. 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 of Florida Comprehensive Annual 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 0.04 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2015-16 fiscal year were as follows:

Class	Percent of Gross Compensation
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, 2016, 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 rollover 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 $4,375,975 for the fiscal year ended June 30, 2016.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in FRS for 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, 2.65 percent to cover the unfunded actuarial liability of the FRS pension plan, 0.01 percent to cover administrative costs, for a total of 7.8 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 $16,232,858 and employee contributions totaled $10,438,270 for the 2015-16 fiscal year.

12. Construction Commitments

The University's major construction commitments at June 30, 2016, are as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Interdisciplinary Research & Incubator Facility Phase I	$ 26,345,770	$ 6,196,651	$ 20,149,119
Parking Garage C Expansion	8,460,271	5,647,595	2,812,676
Mathematical Sciences Building Renovation	4,563,560	2,859,742	1,703,818
Student Health Center Addition	3,118,020	1,280,429	1,837,591
Knights Plaza Enhancements	2,871,052	425,992	2,445,060
District Energy Plant IV	2,539,688	911,994	1,627,694
UCF Arena HVAC Replacement	2,458,134	1,517,787	940,347
Trevor Colbourn Hall	2,451,292	471,247	1,980,045
Facilities & Safety Warehouse Expansion	2,174,423	170,552	2,003,871
Stadium Audio Visual System	2,117,200	6,446	2,110,754
CREOL Lab Buildout	1,830,588	202,123	1,628,465
Subtotal	58,929,998	19,690,558	39,239,440
Other Projects (1)	20,516,483	17,993,901	2,522,582
Total	$ 79,446,481	$ 37,684,459	$ 41,762,022

Note: (1) Individual projects with current balance committed of less than $500,000 at June 30, 2016.

13. Operating Lease Commitments

The University leased buildings under operating leases, which expire in various intervals through 2036. These leased assets and the related commitments are not reported on the University's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. Future minimum lease commitments for these noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2017	$ 10,902,439
2018	10,946,899
2019	10,398,584
2020	7,317,311
2021	1,415,814
2022-2026	4,664,154
Total Minimum Payments Required	$ 45,645,201

The University of Central Florida Foundation, Inc., receives rents and reimbursement for certain operating expenses from the University for various buildings owned by the Foundation and occupied by the University. The Foundation and University are also parties to a long-term 99-year ground lease for use of the land at Lake Nona for the Health Sciences Campus. Rents and reimbursements paid by the University for the year ended June 30, 2016, were $9,249,908.

The University has also entered into rental agreements with the UCF Convocation Corporation for use of parking garages and various retail spaces surrounding the arena. Rents paid to the UCF Convocation Corporation for the year needed June 30, 2016, totaled $2,408,463.

14. Risk Management Programs

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2015-16 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 $85 million for named windstorm and flood. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to $200,000 per person, and $300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 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.

University Self-Insurance Program.

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

Prior to October 1, 2011, the Program provided the Board of Trustees with protection of $100,000 per claim and $200,000 for all claims arising from a single occurrence; $100,000 per claim and $200,000 for all claims arising from the same occurrence for the acts and omissions of students of the colleges protected by the Program engaged in assigned activities at affiliated hospitals or other healthcare affiliates, and this student professional liability coverage may be increased subject to a $1,000,000 limit per occurrence if higher limits of liability are required by an affiliated hospital or healthcare affiliate; $250,000 per occurrence in the event that the personal immunity to tort claims as described in Section 768.28(9), Florida Statutes, is inapplicable as to an employee or agent of Trustees while such employee or agent functions within the course and scope of his or her employment or agency; and $250,000 for employees who act as a Good Samaritan or are engaged in approved Community Service. In response to the Florida Legislature increasing the limits of liability contained in Section 768.28, Florida Statutes, effective October 1, 2011, the limits of protection for sovereign immune entities rose to $200,000 per claim and $300,000 from all claims arising from the single occurrence. By action of the UCF College of Medicine Self-Insurance Program Council, on March 23, 2012, the student coverage was increased to $200,000 per claim and $300,000 from all claims arising from the same occurrence; the $1,000,000 increased limit was not affected by this action. Under this claims-incurred policy written directly with the Program participants, protection is provided against claims that arise from incidents occurring during the term of the policies irrespective of the time the claim is asserted.

The Self-Insurance Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported. Changes in the balances of claims liability for the Self-Insurance Program during the 2014-15 and 2015-16 fiscal years are presented in the following table:

Fiscal Year	Claims Liabilities Beginning of Year	Current Claims and Changes in Estimates	Claim Payments	Claims Liabilities End of Year
June 30, 2015	$ 37,553	$ 6,099	$ 323	$ 43,329
June 30, 2016	43,329	98,071	178	141,222

15. 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.

16. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 306,838,115
Research	112,715,089
Public Services	7,814,901
Academic Support	64,300,857
Student Services	52,368,862
Institutional Support	110,150,958
Operation and Maintenance of Plant	47,383,840
Scholarships, Fellowships, and Waivers	83,048,276
Depreciation	60,044,633
Auxiliary Enterprises (Net)	92,217,302
Loan Operations	396,273
Total Operating Expenses	$ 937,279,106

17. 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, Parking, and Health Services facilities represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Services Capital Improvement Debt
Assets			
Current Assets	$ 19,772,972	$ 13,869,908	$ 9,869,773
Capital Assets, Net	96,284,374	60,858,793	8,940,281
Other Noncurrent Assets	9,959,922	12,749,260	7,988,711
Total Assets	126,017,268	87,477,961	26,798,765
Liabilities			
Current Liabilities	9,014,018	4,999,928	1,294,965
Noncurrent Liabilities	94,376,293	31,343,664	4,309,076
Total Liabilities	103,390,311	36,343,592	5,604,041
Net Position			
Net Investment in Capital Assets	(2,200,947)	29,380,772	4,974,585
Restricted - Expendable	9,927,578	11,907,024	7,784,800
Unrestricted	14,900,326	9,846,573	8,435,339
Total Net Position	$ 22,626,957	$ 51,134,369	$ 21,194,724

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

	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Services Capital Improvement Debt
Operating Revenues	$ 30,206,327	$ 21,509,034	$ 21,994,910
Depreciation Expense	(4,803,285)	(2,337,358)	(432,356)
Other Operating Expenses	(16,640,998)	(12,093,771)	(16,538,410)
Operating Income	8,762,044	7,077,905	5,024,144
Nonoperating Revenues (Expenses):			
Nonoperating Revenue	738,361	840,785	390,082
Interest Expense	(4,386,893)	(1,415,726)	(213,111)
Other Nonoperating Expense	-	(3,674)	-
Net Nonoperating Revenues (Expenses)	(3,648,532)	(578,615)	176,971
Other Revenues, Expenses, Gains and Losses	(2,344,612)	(1,287,231)	(2,008,914)
Increase in Net Position	2,768,900	5,212,059	3,192,201
Net Position, Beginning of Year	19,858,057	45,922,310	18,002,523
Net Position, End of Year	$ 22,626,957	$ 51,134,369	$ 21,194,724

Condensed Statement of Cash Flows

	Housing Capital Improvement Debt	Parking Capital Improvement Debt	Health Services Capital Improvement Debt
Net Cash Provided (Used) by:			
Operating Activities	$ 13,793,482	$ 9,505,638	$ 5,670,509
Noncapital Financing Activities	(2,162,817)	(1,306,030)	(2,166,114)
Capital and Related Financing Activities	(9,741,513)	(6,978,722)	(1,860,336)
Investing Activities	(1,204,041)	(586,848)	(1,210,803)
Net Increase in Cash and Cash Equivalents	685,111	634,038	433,256
Cash and Cash Equivalents, Beginning of Year	2,137,932	1,795,778	1,191,762
Cash and Cash Equivalents, End of Year	$ 2,823,043	$ 2,429,816	$ 1,625,018

18. 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					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Unit	University	Eliminations	Total Primary Government
Assets:						
Other Current Assets	$ 4,230,947	$ 3,859,585	$ 8,090,532	$ 557,088,488		$ 565,179,020
Capital Assets, Net	-	-	-	994,928,380		994,928,380
Due From University / Blended CU	48,852,004	-	48,852,004	-	(48,852,004)	-
Other Noncurrent Assets	-	-	-	151,146,772		151,146,772
Total Assets	53,082,951	3,859,585	56,942,536	1,703,163,640	(48,852,004)	1,711,254,172
Deferred Outflows of Resources	18,102,762	-	18,102,762	57,578,139	-	75,680,901
Liabilities:						
Other Current Liabilities	1,626,352	144,264	1,770,616	97,305,804		99,076,420
Due To University / Blended CU	-	-	-	48,852,004	(48,852,004)	-
Noncurrent Liabilities	69,417,762	-	69,417,762	375,621,725		445,039,487
Total Liabilities	71,044,114	144,264	71,188,378	521,779,533	(48,852,004)	544,115,907
Deferred Inflows of Resources	-	-	-	18,246,594	-	18,246,594
Net Position:						
Net Investment in Capital Assets	-	-	-	813,145,640		813,145,640
Restricted - Expendable	141,599	3,715,321	3,856,920	205,038,368		208,895,288
Unrestricted	-	-	-	202,531,644		202,531,644
Total Net Position	$ 141,599	$ 3,715,321	$ 3,856,920	$ 1,220,715,652	$ -	$ 1,224,572,572

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

	Blended Component Units					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Unit	University	Eliminations	Total Primary Government
Operating Revenues	$ -	$ 218,612	$ 218,612	$ 492,823,859	$ (218,612)	$ 492,823,859
Depreciation Expense	-	-	-	(60,044,633)	-	(60,044,633)
Other Operating Expenses	(188,308)	(203,755)	(392,063)	(876,843,202)	792	(877,234,473)
Operating Income (Loss)	(188,308)	14,857	(173,451)	(444,063,976)	(217,820)	(444,455,247)
Nonoperating Revenues (Expenses):						
Nonoperating Revenue	2,547,699	74,534	2,622,233	480,981,735	(2,431,663)	481,172,305
Interest Expense	(2,359,391)	-	(2,359,391)	(6,025,305)	-	(8,384,696)
Other Nonoperating Expense	-	-	-	(30,968,811)	2,649,483	(28,319,328)
Net Nonoperating Revenues	188,308	74,534	262,842	443,987,619	217,820	444,468,281
Other Revenues	-	-	-	157,860,797	-	157,860,797
Increase in Net Position	-	89,391	89,391	157,784,440	-	157,873,831
Net Position, Beginning of Year	141,599	3,625,930	3,767,529	1,062,931,212	-	1,066,698,741
Net Position, End of Year	$ 141,599	$ 3,715,321	$ 3,856,920	$ 1,220,715,652	$ -	$ 1,224,572,572

Condensed Statement of Cash Flows

	Blended Component Units					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Unit	University	Eliminations	Total Primary Government
Net Cash Provided (Used) by:						
Operating Activities	$ (195,888)	$ 158,107	$ (37,781)	$ (366,348,607)	$ (218,613)	$ (366,605,001)
Noncapital Financing Activities	-	-	-	449,060,364	3,503,111	452,563,475
Capital and Related Financing Activities	(434,862)	-	(434,862)	(80,448,253)	(3,284,498)	(84,167,613)
Investing Activities	116,828	(523,590)	(406,762)	(2,856,023)	-	(3,262,785)
Net Decrease in Cash and Cash Equivalents	(513,922)	(365,483)	(879,405)	(592,519)	-	(1,471,924)
Cash and Cash Equivalents, Beginning of Year	4,615,228	1,600,773	6,216,001	43,574,030	-	49,790,031
Cash and Cash Equivalents, End of Year	$ 4,101,306	$ 1,235,290	$ 5,336,596	$ 42,981,511	$ -	$ 48,318,107

19. Discretely Presented Component Units

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

Condensed Statement of Net Position

	Direct-Support Organizations						Other	
	University of Central Florida Foundation, Inc.	**University of Central Florida Research Foundation, Inc.**	**UCF Athletics Association, Inc.**	**UCF Convocation Corporation**	**UCF Stadium Corporation**	**Total Direct-Support Organizations**	**Central Florida Clinical Practice Organization, Inc.**	**Total**
Assets:								
Current Assets	$ 27,342,984	$ 10,787,540	$ 4,440,158	$ 20,804,334	$ 3,778,182	$ 67,153,198	$ 3,190,868	$ 70,344,066
Capital Assets, Net	75,937,527	-	15,161,872	84,423,933	9,992	175,533,324	152,132	175,685,456
Other Noncurrent Assets	197,925,714	1,132,528	-	2,731,394	-	201,789,636	-	201,789,636
Total Assets	301,206,225	11,920,068	19,602,030	107,959,661	3,788,174	444,476,158	3,343,000	447,819,158
Deferred Outflows of Resources	27,310	-	-	632,751	69,570	729,631	-	729,631
Liabilities:								
Current Liabilities	4,341,308	7,582,210	6,612,767	12,319,972	3,863,281	34,719,538	109,159	34,828,697
Noncurrent Liabilities	25,641,250	-	12,930,123	189,514,234	47,888,383	275,973,990	-	275,973,990
Total Liabilities	29,982,558	7,582,210	19,542,890	201,834,206	51,751,664	310,693,528	109,159	310,802,687
Deferred Inflows of Resources	-	-	-	194,677	-	194,677	-	194,677
Net Position:								
Net Investment in Capital Assets	52,604,837	-	8,929,936	(111,697,227)	(49,482,822)	(99,645,276)	152,132	(99,493,144)
Restricted	197,786,472	762,296	-	14,572,317	289,859	213,410,944	-	213,410,944
Unrestricted	20,859,668	3,575,562	(8,870,796)	3,688,439	1,299,043	20,551,916	3,081,709	23,633,625
Total Net Position	$ 271,250,977	$ 4,337,858	$ 59,140	$ (93,436,471)	$ (47,893,920)	$ 134,317,584	$ 3,233,841	$ 137,551,425

The UCF Convocation Corporation and the UCF Stadium Corporation have a deficit net position of $93,436,471 and $47,893,920, respectively, as of June 30, 2016. This deficit is attributed to the transfer of buildings and building improvements to the University as a result of the termination of the ground lease between the UCF Convocation Corporation and the University with the August 2015 debt refunding and the UCF Stadium Corporation and the University with the December 2015 debt refunding. The Corporations' debts related to the refunding were previously included as a component of the Net Investment in Capital Assets net position but are now included as component of unrestricted net position on their stand alone financial statements. The University has reclassified the amounts to Net Investment in Capital Assets in the Statement of Net Position. As the UCF Convocation Corporation and the UCF Stadium Corporation continue to reduce its outstanding long term debt obligations, the deficit net position will decrease.

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

	Direct-Support Organizations						Other	
	University of Central Florida Foundation, Inc.	**University of Central Florida Research Foundation, Inc.**	**UCF Athletics Association, Inc.**	**UCF Convocation Corporation**	**UCF Stadium Corporation**	**Total Direct-Support Organizations**	**Central Florida Clinical Practice Organization, Inc.**	**Total**
Operating Revenues	$ 42,461,046	$ 9,124,959	$ 42,039,793	$ 32,597,315	$ 3,536,494	$ 129,759,607	$ 3,119,556	$ 132,879,163
Depreciation Expense	(2,005,108)	-	(817,068)	(3,545,751)	(678,945)	(7,046,872)	(134,909)	(7,181,781)
Operating Expenses	(40,670,455)	(9,950,161)	(46,300,602)	(19,331,778)	(1,542,438)	(117,795,434)	(1,272,750)	(119,068,184)
Operating Income (Loss)	(214,517)	(825,202)	(5,077,877)	9,719,786	1,315,111	4,917,301	1,711,897	6,629,198
Net Nonoperating Revenues (Expenses):								
Nonoperating Revenues	10,928,015	155,705	5,181,228	189,731	112,874	16,567,553	-	16,567,553
Interest Expense	-	-	(245,194)	(8,080,223)	(2,290,053)	(10,615,470)	-	(10,615,470)
Other Nonoperating Expenses	(34,911)	(571)	-	(1,337,718)	(3,034,812)	(4,408,012)	(10,000)	(4,418,012)
Net Nonoperating Revenues (Expenses)	10,893,104	155,134	4,936,034	(9,228,210)	(5,211,991)	1,544,071	(10,000)	1,534,071
Other Revenues, Expenses, Gains, and Losses	3,180,410	-	-	(75,058,908)	(53,640,274)	(125,518,772)	-	(125,518,772)
Increase (Decrease) in Net Position	13,858,997	(670,068)	(141,843)	(74,567,332)	(57,537,154)	(119,057,400)	1,701,897	(117,355,503)
Net Position, Beginning of Year	257,391,980	5,007,926	200,983	(18,869,139)	9,643,234	253,374,984	1,531,944	254,906,928
Net Position, End of Year	$ 271,250,977	$ 4,337,858	$ 59,140	$ (93,436,471)	$ (47,893,920)	$ 134,317,584	$ 3,233,841	$ 137,551,425

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress – Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2011	$ -	$ 118,673,000	$ 118,673,000	0%	$ 280,490,639	42.3%
7/1/2013	-	141,984,000	141,984,000	0%	305,107,256	46.5%
7/1/2015	-	228,413,000	228,413,000	0%	364,548,368	62.7%

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

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

	2015 (1)	**2014** (1)	**2013** (1)
University's proportion of the FRS net pension liability	0.54%	0.48%	0.36%
University's proportionate share of the FRS net pension liability	$ 69,510,775	$ 29,549,660	$ 62,036,419
University's covered-employee payroll (2)	$ 333,695,268	$ 305,107,256	$ 289,894,138
University's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	20.83%	9.69%	21.40%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	92.00%	96.09%	88.54%

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

(2) Covered-employee 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

	2016 (1)	**2015** (1)	**2014** (1)
Contractually required FRS contribution	$ 13,653,222	$ 13,120,834	$ 10,608,311
FRS contributions in relation to the contractually required contribution	(13,653,222)	(13,120,834)	(10,608,311)
FRS contribution deficiency (excess)	$ -	$ -	$ -
University's covered-employee payroll (2)	$ 364,535,289	$ 333,695,268	$ 305,107,256
FRS contributions as a percentage of covered-employee payroll	3.75%	3.93%	3.48%

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

(2) Covered-employee 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 the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan

	2015 (1)	**2014** (1)	**2013** (1)
University's proportion of the HIS net pension liability	0.47%	0.43%	0.42%
University's proportionate share of the HIS net pension liability	$ 47,898,159	$ 40,276,874	$ 36,162,321
University's covered-employee payroll (2)	$ 140,702,712	$ 127,489,508	$ 122,964,996
University's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	34.04%	31.59%	29.41%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	0.50%	0.99%	1.78%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.
(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	2016 (1)	**2015** (1)	**2014** (1)
Contractually required HIS contribution	$ 2,561,234	$ 1,795,341	$ 1,475,630
HIS contributions in relation to the contractually required HIS contribution	(2,561,234)	(1,795,341)	(1,475,630)
HIS contribution deficiency (excess)	$ -	$ -	$ -
University's covered-employee payroll (2)	$153,090,572	$140,702,712	$127,489,508
HIS contributions as a percentage of covered-employee payroll	1.67%	1.28%	1.16%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.
(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Schedule of Funding Progress – Other Postemployment Benefit Plan

The July 1, 2015, unfunded actuarial accrued liability of $228,413,000 was significantly higher than the July 1, 2013, liability of $141,984,000. The plan has experienced an increase in the Unfunded Actuarial Accrued Liability and the associated OPEB costs since the prior valuation. The per capita claims cost assumption and retiree premiums have been updated since the last valuation. The effect was a widening of the gap between the expected per capita claims and the retiree/spouses premiums (i.e. net implied subsidy), resulting in an increase in the actuarial accrued liability. Additionally, the trend rate assumptions have been updated using the Getzen model and the information from the Report on the Financial Outlook for the Fiscal Years Ending June 30, 2015 through June 30, 2020 as presented August 12, 2015 at the Self-Insurance Estimating Conference. In addition, demographic changes since the prior valuation generated an actuarial increase for the year. Finally, retiree allocations by agency have significantly changed for several universities. More retirees are now included in a university classification than there were in the July 1, 2013 valuation results. Previously, these retirees were included under the State Agency classification. The 2015 census information included better identification of each retiree's agency name, whereas the 2013 census was based on assumptions for the many retirees with the missing agency information.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 4.29% to 3.80%.

ITEM: INFO-2

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: UCF Key Financial Ratios

DATE: December 7, 2016

For information only.

Supporting documentation: Attachment A: UCF Key Financial Ratios
Attachment B: UCF Compared to State University System

Prepared by: Tracy Clark, Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance

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

Attachment A

Key Financial Ratios

June 30, 2016

UNIVERSITY OF CENTRAL FLORIDA

Core Financial Ratios and Composite Financial Index

The following ratios and related benchmarks are derived from *Strategic Financial Analysis for Higher Education*, Seventh Edition, published by KPMG, Prager, Sealy & Co., LLC, and Attain. This book is widely used in the higher education industry, and the most recent edition includes guidance specifically for public institutions of higher education.

The following four core ratios help answer these key questions:

- **Primary Reserve Ratio -** Are the resources sufficient and flexible enough to support the university's mission?

  This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net assets generated by operations. A ratio of 40 percent (provides about five months of expenses) or better is advisable to give institutions the flexibility to manage the enterprise.
- **Net Operating Revenues Ratio -** Do the operating results indicate that the university is living within available resources?

  A positive ratio indicates that the institution experienced an operating surplus for the year. A target range of .25 percent to 4 percent is a goal over an extended time period. The result will likely vary from year to year.
- **Return on Net Assets -** Does financial asset performance support the strategic direction of the university?

  Institutions should establish a real rate of return target in the range of approximately 3 percent to 4 percent. The real return plus the actual inflation index, the Higher Education Price Index, published by Commonfund Institute, will provide the nominal rate of return. The nominal rate of return is the amount generated before factoring in inflation.
- **Viability Ratio -** Is debt managed strategically to advance the university's mission?

  Analysis of historical financial statements indicates that this ratio should fall between 0.50 and 1.50, and higher for the strongest creditworthy institutions.

Composite Financial Index - When combined, these four ratios deliver a single measure of the overall financial health of the university, hereafter referred to as the Composite Financial Index.

Debt Burden Ratio - Although not a core strategic financial ratio, the Debt Burden Ratio is a key tool in measuring debt affordability and should be considered as a key financial indicator for any institution using debt. This ratio examines the institution's dependence on borrowed funds and the relative cost of borrowing to overall expenditures.

Note: Ratios are calculated based on actual numbers. Data presented in charts is rounded to the millions. Therefore, chart data will not calculate exactly to the ratio percentages.

The ratios are calculated as follows:

Primary Reserve Ratio

$$\frac{\text{Expendable Net Assets}}{\text{Total Expense}}$$

Net Operating Revenues Ratio

$$\frac{\text{Operating and Non-Operating Net Income (Loss)}}{\text{Operating Revenues plus Non-Operating Revenues}}$$

Return on Net Assets

$$\frac{\text{Change in Net Assets}}{\text{Total Net Assets}}$$

Viability Ratio

$$\frac{\text{Expendable Net Assets}}{\text{Long-Term Debt}}$$

Debt Burden Ratio

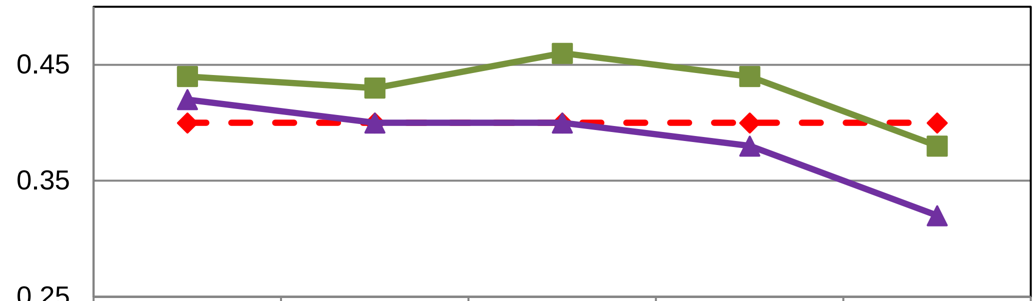
$$\frac{\text{Debt Service}}{\text{Adjusted Expenses}}$$

Key Financial Ratios – Excluding GASB 68 (pension liabilities and related deferrals) impact

Note: Amounts reflected in the following ratios exclude allocated pension liabilities and related deferrals. GASB 68 requires the university to recognize its proportionate share of the collective net pension liabilities of the Florida Retirement System defined benefit plans.

Primary Reserve Ratio – Excluding GASB 68 impact

Primary Reserve Ratio



	2011-12	2012-13	2013-14	2014-15	2015-16
Target	0.40	0.40	0.40	0.40	0.40
Actual - University and Component Units	0.44	0.43	0.46	0.44	0.38
Actual - University**	0.42	0.40	0.40	0.38	0.32

- This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net assets generated by operations. A ratio of 40 percent (provides about five months of expenses) or better is advisable to give institutions the flexibility to manage the enterprise.

This ratio is calculated as follows:

Primary Reserve Ratio

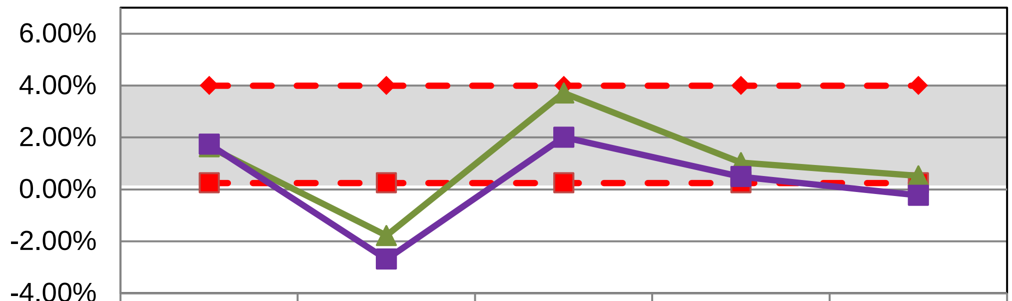
$$\frac{\text{Expendable Net Assets*}}{\text{Total Expense}}$$

Primary Reserve (in millions)	University and Component Units					University**				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Expendable Net Assets*	405	405	463	469	420	334	319	351	355	309
Expenses	921	938	998	1,059	1,118	804	807	869	931	976

* Excludes expendable net assets restricted for capital.
** Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program).

Net Operating Revenues Ratio – Excluding GASB 68 impact

Net Operating Revenues Ratio



	2011-12	2012-13	2013-14	2014-15	2015-16
High Target	4.00%	4.00%	4.00%	4.00%	4.00%
Low Target	0.25%	0.25%	0.25%	0.25%	0.25%
Actual - University and Component Units	1.64%	-1.78%	3.71%	1.03%	0.52%
Actual - University*	1.74%	-2.69%	2.01%	0.49%	-0.23%

- A positive ratio indicates that the institution experienced an operating surplus for the year. A target range of 0.25 percent to 4 percent is a goal over an extended time period. The result will likely vary from year to year. This ratio does not include capital revenue sources. 2015-16 includes an $8 million increase in OPEB-allocated expenses based on a new actuarial study. Excluding this increase yields a ratio of 1.23 percent for University and Component Units and 0.58 percent for University only.

This ratio is calculated as follows:

Net Operating Revenues Ratio

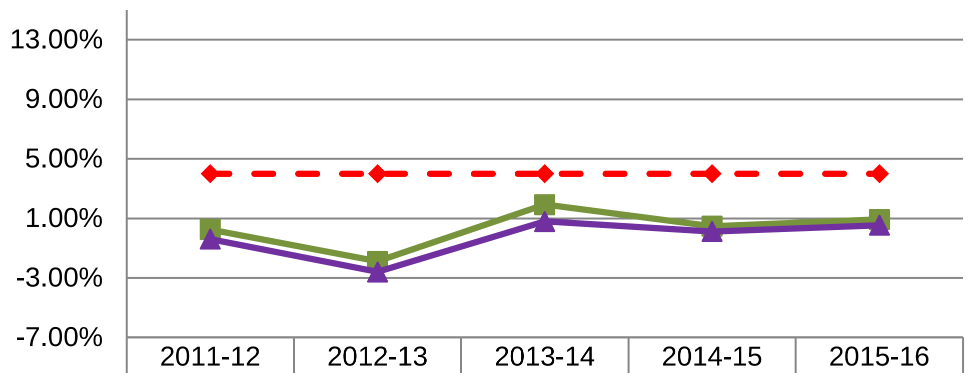
$$\frac{\text{Operating and Non-Operating Net Income (Loss)}}{\text{Operating Revenues plus Non-Operating Revenues}}$$

Net Operating Revenues (in millions)	University and Component Units					University*				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Operating and non-operating net income (loss)	15	(16)	38	11	6	14	(21)	18	5	(2)
Operating revenues plus non-operating revenues	936	922	1,036	1,070	1,123	818	786	887	936	974

* Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program).

Return on Net Assets Ratio – Excluding GASB 68 impact

Return on Net Assets Ratio



	2011-12	2012-13	2013-14	2014-15	2015-16
Target	4.00%	4.00%	4.00%	4.00%	4.00%
University and Component Units' Real Rate	0.25%	-1.89%	1.93%	0.47%	0.93%
University* Real Rate	-0.39%	-2.60%	0.80%	0.12%	0.54%

- This ratio measures whether the university has improved financially by measuring total economic return or the return on net assets that occurred as a result of the university's activities. The real rate of return adjusts the nominal rate for the effects of inflation using the Higher Education Price Index. The university has established a target of 4 percent. 2015-16 includes an $8 million increase in OPEB-allocated expenses based on a new actuarial study. Excluding this increase yields a ratio of 1.49 percent for University and Component Units and 1.23 percent for University only.

This ratio is calculated as follows:

Return on Net Assets

$$\frac{\text{Change in Net Assets}}{\text{Total Net Assets}}$$

Return on Net Assets Ratio (in millions)	University and Component Units					University*				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Change in total net assets	25	(4)	64	35	38	23	(11)	41	25	27
Total net assets (beginning of year)	1,302	1,306	1,303	1,367	1,401	1,090	1,092	1,081	1,122	1,147
HEPI Rate	1.70%	1.60%	3.00%	2.10%	1.80%	1.70%	1.60%	3.00%	2.10%	1.80%

- Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program). 2015-16 excludes the impact of one-time capital transfer from component units.

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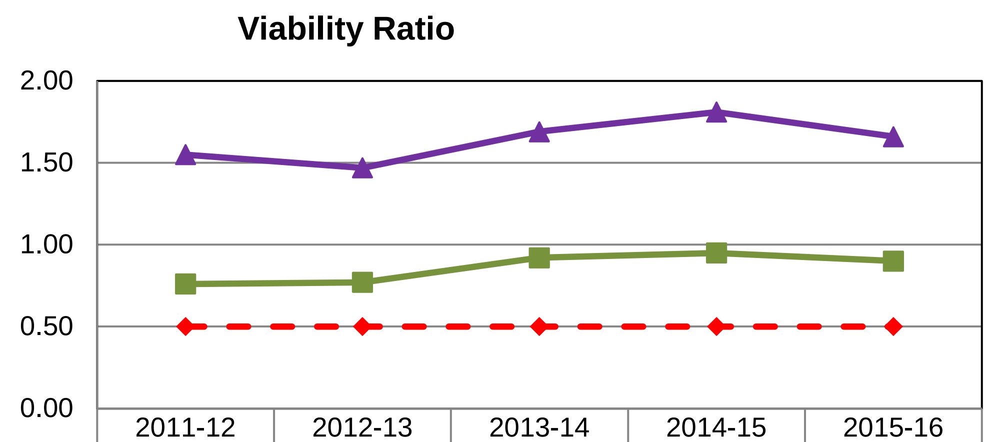
Viability Ratio – Excluding GASB 68 impact



	2011-12	2012-13	2013-14	2014-15	2015-16
Target	0.50	0.50	0.50	0.50	0.50
Actual - University and Component Units	0.76	0.77	0.92	0.95	0.90
Actual - University**	1.55	1.47	1.69	1.81	1.66

- This ratio measures one of the most basic determinants of clear financial health, the availability of expendable net assets to cover debt should the university and component units need to settle its obligations. A ratio of 0.5 or greater indicates the university and component units have sufficient reserves to satisfy all liabilities, including long-term debt.

This ratio is calculated as follows:

Viability Ratio

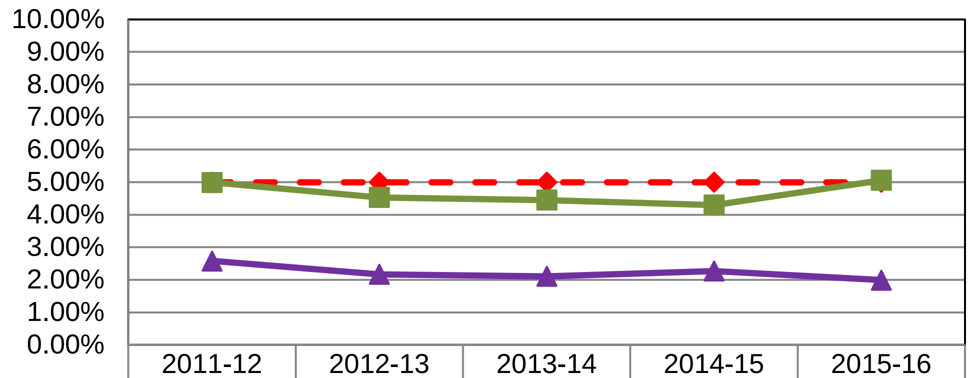
$$\frac{\text{Expendable Net Assets}}{\text{Long-Term Debt}}$$

Viability Ratio (in millions)	University and Component Units					University**				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Expendable Net Assets*	405	405	463	469	420	334	319	351	355	309
Long-term Debt	532	525	506	496	465	215	217	208	197	187

* Excludes expendable net assets restricted for capital.
** Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program).

Debt Burden Ratio – Excluding GASB 68 impact

Debt Burden Ratio



	2011-12	2012-13	2013-14	2014-15	2015-16
Target (equal to or less than)	5.00%	5.00%	5.00%	5.00%	5.00%
Actual - University and Component Units	4.99%	4.53%	4.45%	4.30%	5.06%
Actual - University*	2.58%	2.17%	2.11%	2.27%	1.99%

- This ratio measures the percentage of total expenditures the university and component units spent on debt service. Although not a core strategic financial ratio, the Debt Burden Ratio is a key tool in measuring debt affordability and should be considered as a key financial indicator for any institution using debt. A target of 5 percent indicates an acceptable dependency on borrowed funds. 2015-16 includes additional component unit debt payments in conjunction with refundings totaling $12 million.

This ratio is calculated as follows:

Debt Burden Ratio

$$\frac{\text{Debt Service}}{\text{Adjusted Expenses}}$$

Debt Burden (in millions)	University and Component Units					University*				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Debt Burden	44	40	42	44	55	20	16	17	20	18
Adjusted Expenses	875	888	946	1,013	1,085	760	759	817	885	926

* Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program).

Computing the Composite Financial Index - *Overview of Methodology*

This methodology is an arithmetic means of combining the primary reserve ratio, net operating revenues ratio, return on net assets ratio, and viability ratio as a measure of fundamental elements of financial health to yield a single composite financial index that represents an institution's overall financial health.

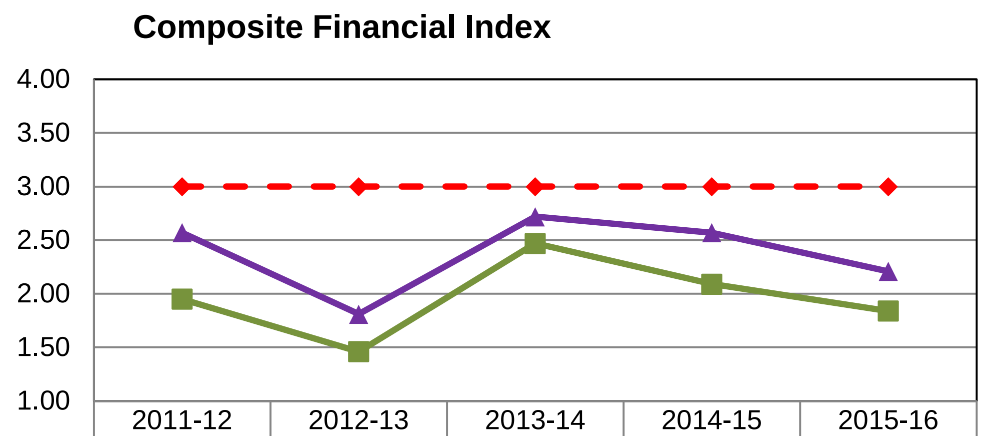
Under the methodology, the composite financial index (CFI) is calculated as follows:

- determine the value of each ratio.
- divide each ratio by an industry determined relevant value to calculate a strength factor.
- multiply strength factors by specific weighting factors.
- total the resulting four numbers to reach a single CFI score.

These scores do not have absolute precision but can be indicators of overall institutional well-being when evaluated in conjunction with nonfinancial indicators. However, the ranges do have enough precision to be indicators of the institutional financial health, and the CFI as well as its trend line over a period of time can be the single most important measure of the financial health for the institution.

- CFI = Sum of $\left(\dfrac{\text{Ratios}}{\text{Relevant Value}}\right)$ x Weight

Composite Financial Index – Excluding GASB 68 impact



	2011-12	2012-13	2013-14	2014-15	2015-16
Target	3.00	3.00	3.00	3.00	3.00
Actual - University and Component Units	1.95	1.46	2.47	2.09	1.84
Actual - University*	2.57	1.81	2.72	2.57	2.21

- This index is a composite of the four key ratios. When combined, these four ratios deliver a single measure of the overall financial health of the university. The university has established a target of 3.00.

			University and Component Units					University*				
	Relevant Value	Weight	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Primary Reserve Ratio	0.133	35%	1.16	1.14	1.22	1.17	0.99	1.09	1.04	1.06	1.00	0.83
Net Operating Revenues Ratio	0.013	10%	0.13	(0.14)	0.29	0.08	0.04	0.13	(0.21)	0.15	0.04	(0.02)
Return on Net Assets Ratio	0.02	20%	0.02	(0.19)	0.19	0.05	0.05	0.04	(0.26)	0.08	0.01	0.00
Viability Ratio	0.417	35%	0.64	0.65	0.77	0.79	0.76	1.30	1.23	1.42	1.52	1.39
Composite Financial Index			1.95	1.46	2.47	2.09	1.84	2.57	1.81	2.72	2.57	2.21

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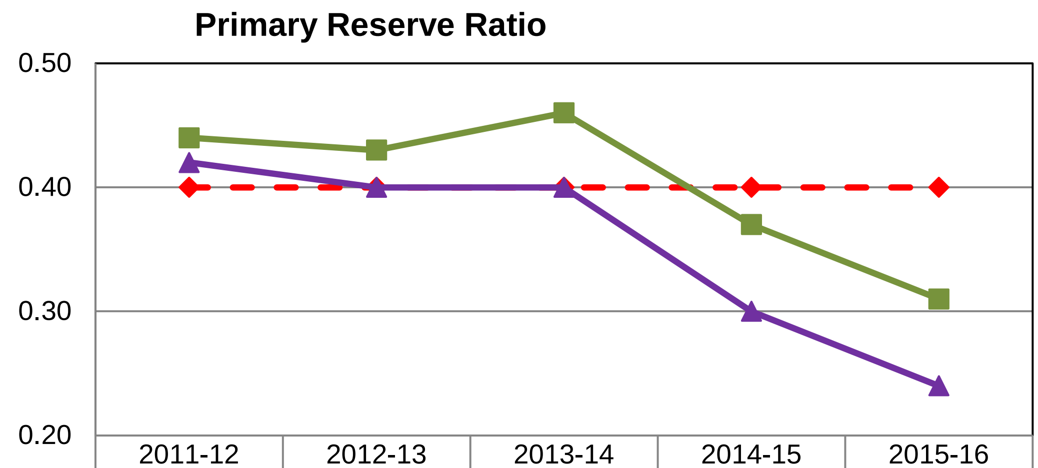
- Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program).

Key Financial Ratios – Including GASB 68 (pension liabilities and related deferrals) impact

Note: Amounts reflected in the following ratios match amounts reported in the university's financial statement prepared in accordance with generally accepted accounting principles.

Primary Reserve Ratio – Including GASB 68 impact



	2011-12	2012-13	2013-14	2014-15	2015-16
Target	0.40	0.40	0.40	0.40	0.40
Actual - University and Component Units	0.44	0.43	0.46	0.37	0.31
Actual - University**	0.42	0.40	0.40	0.30	0.24

- This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net assets generated by operations. A ratio of 40 percent (provides about five months of expenses) or better is advisable to give institutions the flexibility to manage the enterprise.

This ratio is calculated as follows:

Primary Reserve Ratio

$$\frac{\text{Expendable Net Assets*}}{\text{Total Expense}}$$

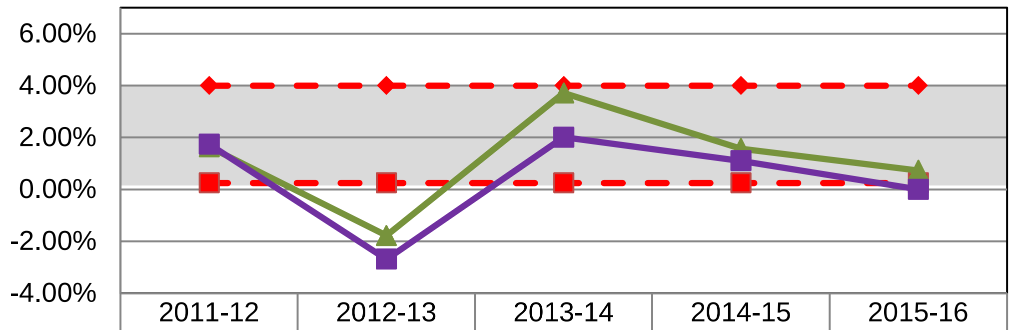
Primary Reserve (in millions)	University and Component Units					University**				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Expendable Net Assets*	405	405	463	389	342	334	319	351	274	231
Expenses	921	938	998	1,053	1,115	804	807	869	925	974

* Excludes expendable net assets restricted for capital.

** Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program).

Net Operating Revenues Ratio – Including GASB 68 impact

Net Operating Revenues Ratio



	2011-12	2012-13	2013-14	2014-15	2015-16
High Target	4.00%	4.00%	4.00%	4.00%	4.00%
Low Target	0.25%	0.25%	0.25%	0.25%	0.25%
Actual - University and Component Units	1.64%	-1.78%	3.71%	1.57%	0.73%
Actual - University*	1.74%	-2.69%	2.01%	1.10%	0.00%

- A positive ratio indicates that the institution experienced an operating surplus for the year. A target range of 0.25 percent to 4 percent is a goal over an extended time period. The result will likely vary from year to year. This ratio does not include capital revenue sources. 2015-16 includes an $8 million increase in OPEB-allocated expenses based on a new actuarial study. Excluding this increase yields a ratio of 1.43 percent for University and Component Units and 0.81 percent for University only.

This ratio is calculated as follows:

Net Operating Revenues Ratio

$$\frac{\text{Operating and Non-Operating Net Income (Loss)}}{\text{Operating Revenues plus Non-Operating Revenues}}$$

Net Operating Revenues (in millions)	**University and Component Units**					**University***				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Operating and non-operating net income (loss)	15	(16)	38	17	8	14	(21)	18	10	0
Operating revenues plus non-operating revenues	936	922	1,036	1,070	1,123	818	786	887	936	974

* Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program).

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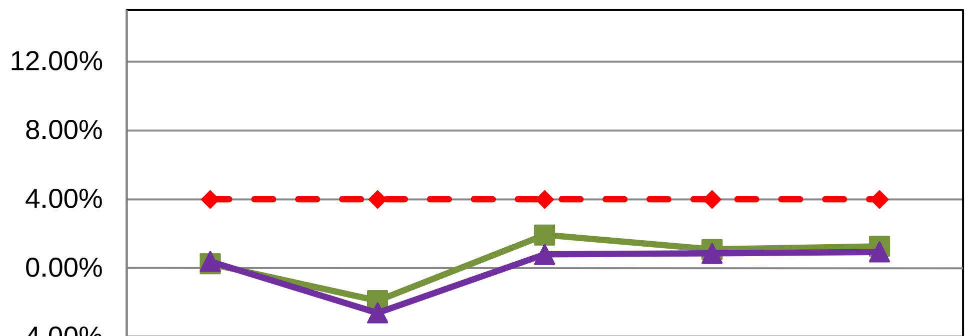
Return on Net Assets Ratio – Including GASB 68 impact

Return on Net Assets Ratio



	2011-12	2012-13	2013-14	2014-15	2015-16
Target	4.00%	4.00%	4.00%	4.00%	4.00%
University and Component Units' Real Rate	0.25%	-1.89%	1.93%	1.09%	1.27%
University* Real Rate	0.39%	-2.60%	0.80%	0.86%	0.94%

- This ratio measures whether the university has improved financially by measuring total economic return or the return on net assets that occurred as a result of the university's activities. The real rate of return adjusts the nominal rate for the effects of inflation using the Higher Education Price Index. The university has established a target of 4 percent. 2015-16 includes an $8 million increase in OPEB-allocated expenses based on a new actuarial study. Excluding this increase yields a ratio of 1.86 percent for University and Component Units and 1.68 percent for University only.

This ratio is calculated as follows:

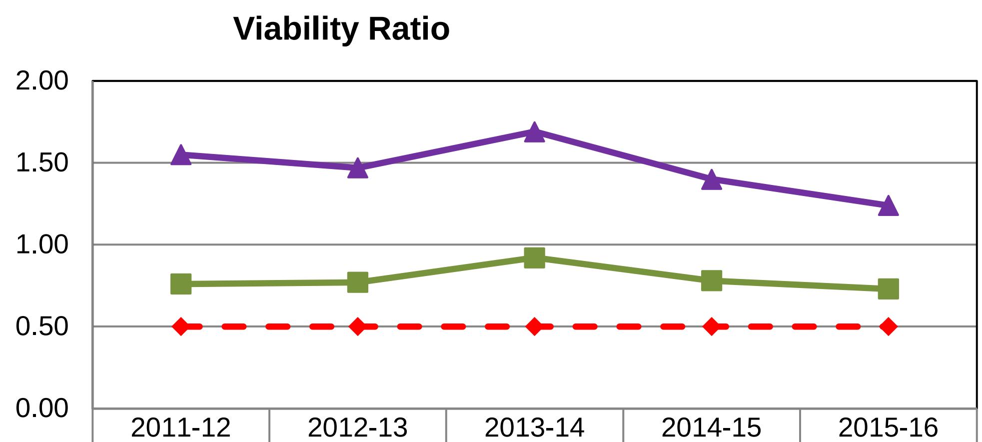
Return on Net Assets

$$\frac{\text{Change in Net Assets}}{\text{Total Net Assets}}$$

Return on Net Assets Ratio (in millions)	University and Component Units					University*				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Change in total net assets	25	(4)	64	41	41	23	(11)	41	31	29
Total net assets (beginning of year)	1,302	1,306	1,303	1,281	1,322	1,090	1,092	1,081	1,036	1,067
HEPI Rate	1.70%	1.60%	3.00%	2.10%	1.80%	1.70%	1.60%	3.00%	2.10%	1.80%

- Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program). 2015-16 excludes impact of one-time capital transfer from component units.

Viability Ratio – Including GASB 68 impact



	2011-12	2012-13	2013-14	2014-15	2015-16
Target	0.50	0.50	0.50	0.50	0.50
Actual - University and Component Units	0.76	0.77	0.92	0.78	0.73
Actual - University**	1.55	1.47	1.69	1.40	1.24

- This ratio measures one of the most basic determinants of clear financial health, the availability of expendable net assets to cover debt should the university and component units need to settle its obligations. A ratio of 0.5 or greater indicates the university and component units have sufficient reserves to satisfy all liabilities, including long-term debt.

This ratio is calculated as follows:

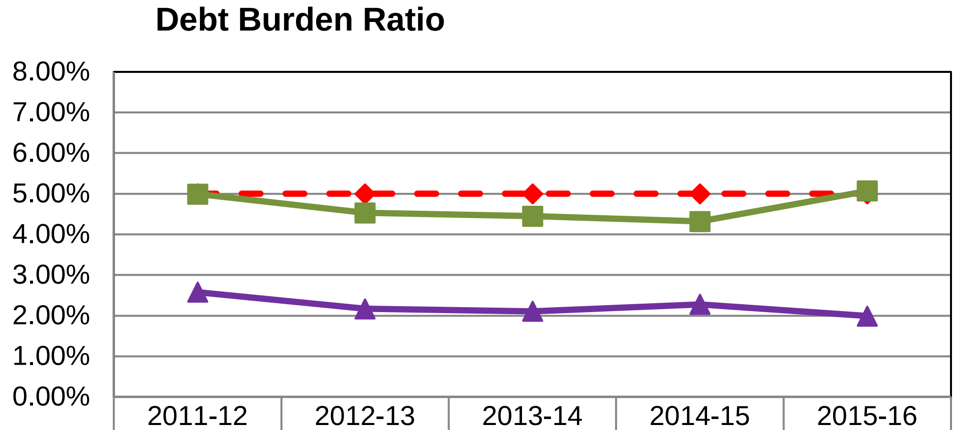
Viability Ratio

$$\frac{\text{Expendable Net Assets}}{\text{Long-Term Debt}}$$

Viability Ratio (in millions)	University and Component Units					University**				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Expendable Net Assets*	405	405	463	388	342	334	319	351	274	231
Long-term Debt	532	525	506	496	465	215	217	208	197	187

* Excludes expendable net assets restricted for capital.
** Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program).

Debt Burden Ratio – Including GASB 68 impact



	2011-12	2012-13	2013-14	2014-15	2015-16
Target (equal to or less than)	5.00%	5.00%	5.00%	5.00%	5.00%
Actual - University and Component Units	4.99%	4.53%	4.45%	4.32%	5.07%
Actual - University*	2.58%	2.17%	2.11%	2.28%	1.99%

- This ratio measures the percentage of total expenditures the university and component units spent on debt service. Although not a core strategic financial ratio, the Debt Burden Ratio is a key tool in measuring debt affordability and should be considered as a key financial indicator for any institution using debt. A target of 5 percent, which the university and component units have met, indicates an acceptable dependency on borrowed funds. 2015-16 includes additional component unit debt payments in conjunction with refundings totaling $12 million.

This ratio is calculated as follows:

Debt Burden Ratio

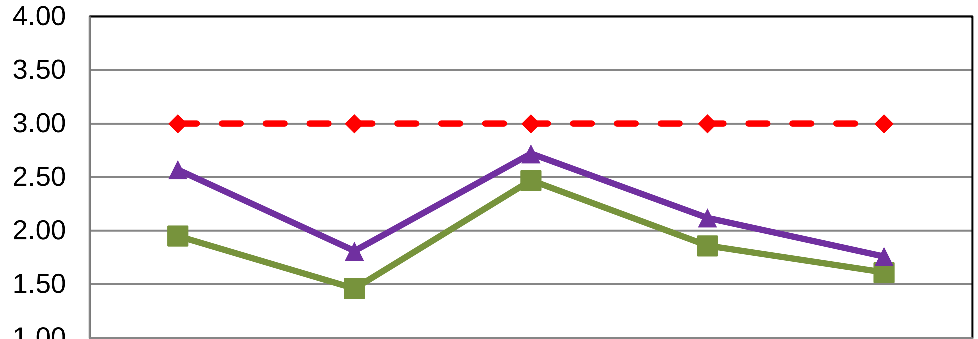
$$\frac{\text{Debt Service}}{\text{Adjusted Expenses}}$$

Debt Burden (in millions)	University and Component Units					University*				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Debt Burden	44	40	42	44	55	20	16	17	20	18
Adjusted Expenses	875	888	946	1,007	1,083	760	759	817	879	924

* Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program).

Composite Financial Index – Including GASB 68 impact

Composite Financial Index



	2011-12	2012-13	2013-14	2014-15	2015-16
Target	3.00	3.00	3.00	3.00	3.00
Actual - University and Component Units	1.95	1.46	2.47	1.86	1.61
Actual - University*	2.57	1.81	2.72	2.12	1.76

- This index is a composite of the four key ratios. When combined, these four ratios deliver a single measure of the overall financial health of the university. The university has established a target of 3.00.

			University and Component Units					University*				
	Relevant Value	Weight	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
Primary Reserve Ratio	0.133	35%	1.16	1.14	1.22	0.97	0.81	1.09	1.04	1.06	0.78	0.62
Net Operating Revenues Ratio	0.013	10%	0.13	(0.14)	0.29	0.12	0.06	0.13	(0.21)	0.15	0.08	0.00
Return on Net Assets Ratio	0.02	20%	0.02	(0.19)	0.19	0.11	0.13	0.04	(0.26)	0.08	0.09	0.09
Viability Ratio	0.417	35%	0.64	0.65	0.77	0.66	0.62	1.30	1.23	1.42	1.17	1.04
Composite Financial Index			1.95	1.46	2.47	1.86	1.61	2.57	1.81	2.72	2.12	1.76

- Includes blended-component units (UCF Finance Corporation and UCF College of Medicine Self-insurance Program).

Attachment B

Key Financial Ratios

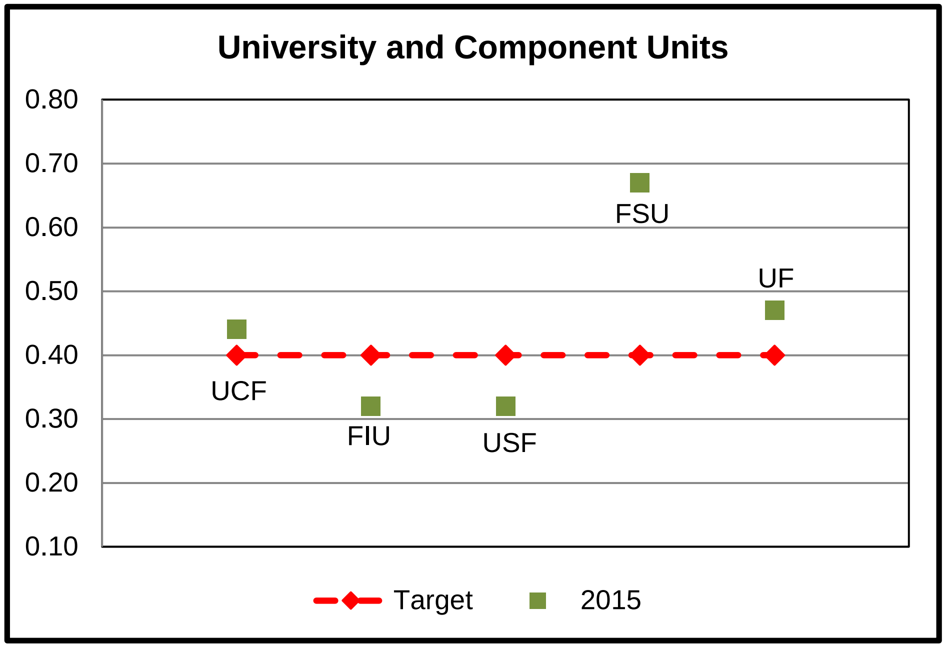
June 30, 2015

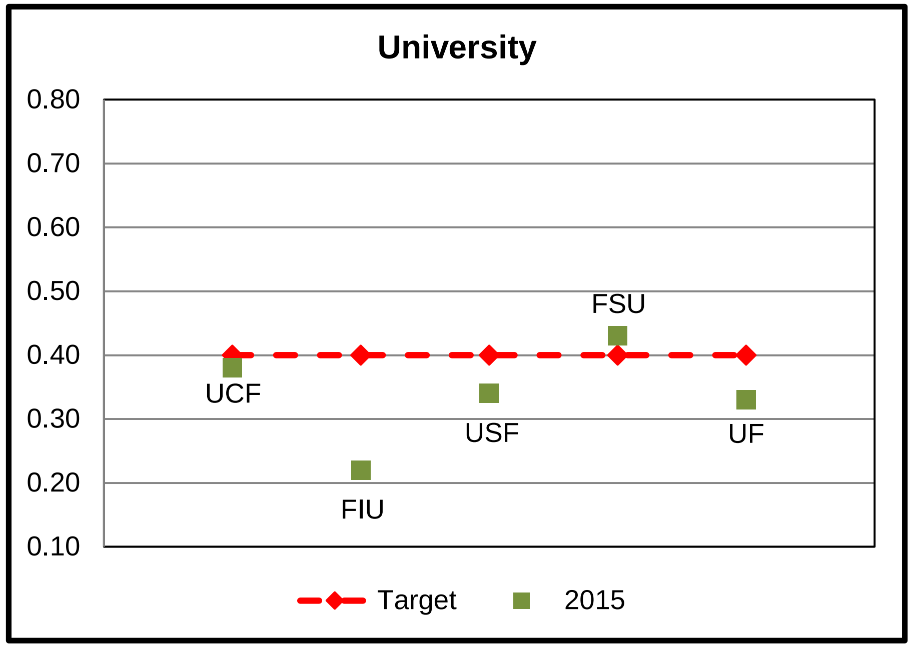
UNIVERSITY OF CENTRAL FLORIDA COMPARED TO STATE UNIVERSITY SYSTEM

Key Financial Ratios – Excluding GASB 68 (pension liabilities and related deferrals) impact

Note: Amounts reflected in the following ratios exclude allocated pension liabilities and related deferrals. GASB 68 requires the university to recognize its proportionate share of the collective net pension liabilities of the Florida Retirement System defined benefit plans.

Primary Reserve Ratio – Excluding GASB 68 impact





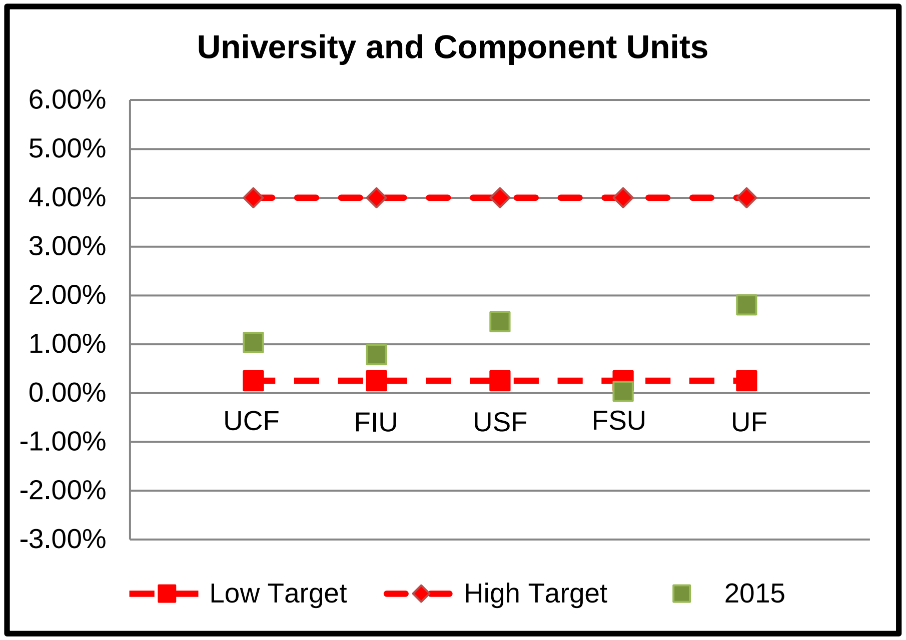
This ratio is calculated as follows:
Expendable Net Assets*
Total Expense

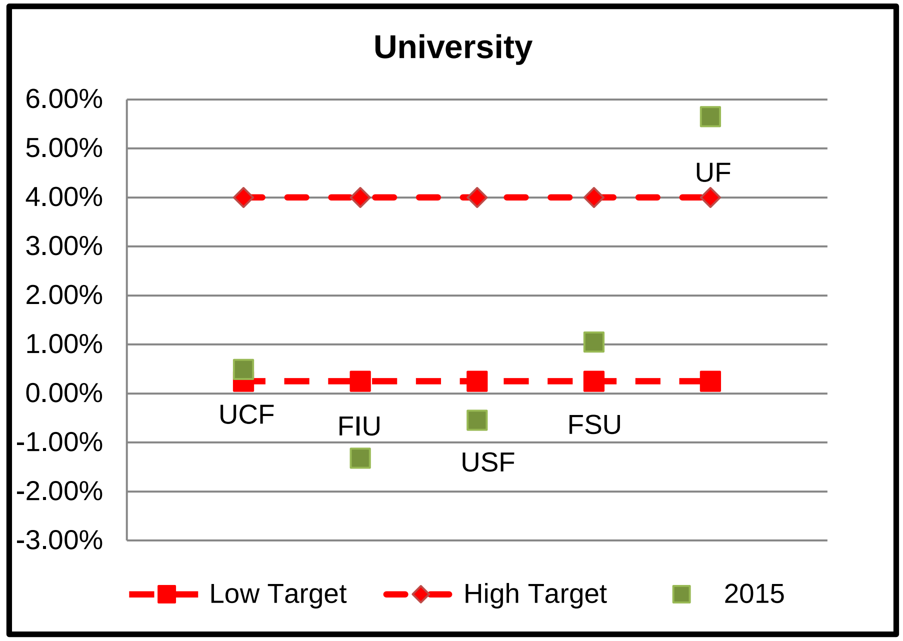
- This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net assets generated by operations. A ratio of 40 percent (provides about five months of expenses) or better is advisable to give institutions the flexibility to manage the enterprise.

	UCF	FIU	USF	FSU	UF	FAU	FAMU	UNF	FGCU	UWF	NCF
2015 University and Component Units	0.44	0.32	0.32	0.67	0.47	0.55	0.26	0.15	0.43	0.38	0.27
2015 University	0.38	0.22	0.34	0.43	0.33	0.30	0.13	0.10	0.24	0.24	0.12

* Excludes expendable net assets restricted for capital.

Net Operating Revenues Ratio – Excluding GASB 68 impact





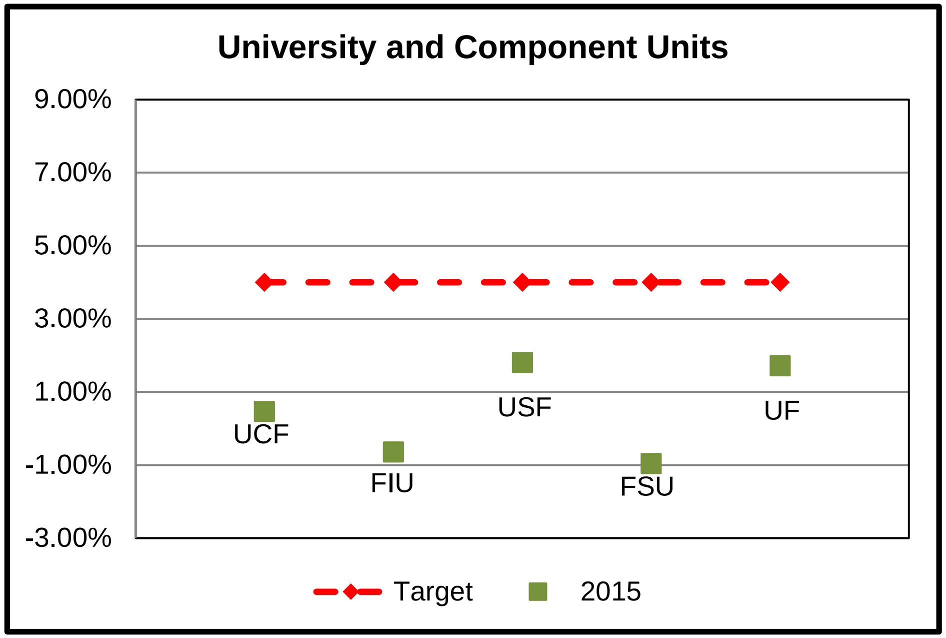
This ratio is calculated as follows:

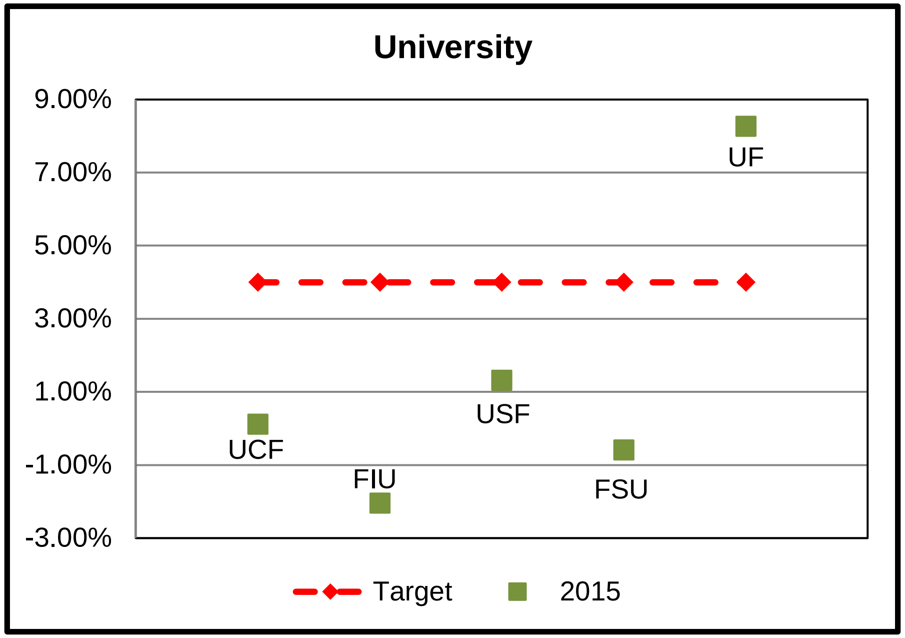
$$\frac{\text{Operating and Non-Operating Net Income (Loss)}}{\text{Operating Revenues plus Non-Operating Revenues}}$$

- A positive ratio indicates that the institution experienced an operating surplus for the year. A target range of .25 percent to 4 percent is a goal over an extended time period. The result will likely vary from year to year. This ratio does not include capital revenue sources.

	UCF	FIU	USF	FSU	UF	FAU	FAMU	UNF	FGCU	UWF	NCF
2015 University and Component Units	1.03%	0.78%	1.46%	0.03%	1.80%	-4.33%	-6.75%	-3.84%	0.05%	-0.71%	-9.09%
2015 University	0.49%	-1.32%	-0.55%	1.05%	5.65%	-4.00%	-5.87%	-4.41%	-1.34%	-0.75%	-15.58%

Return on Net Assets Ratio – Excluding GASB 68 impact





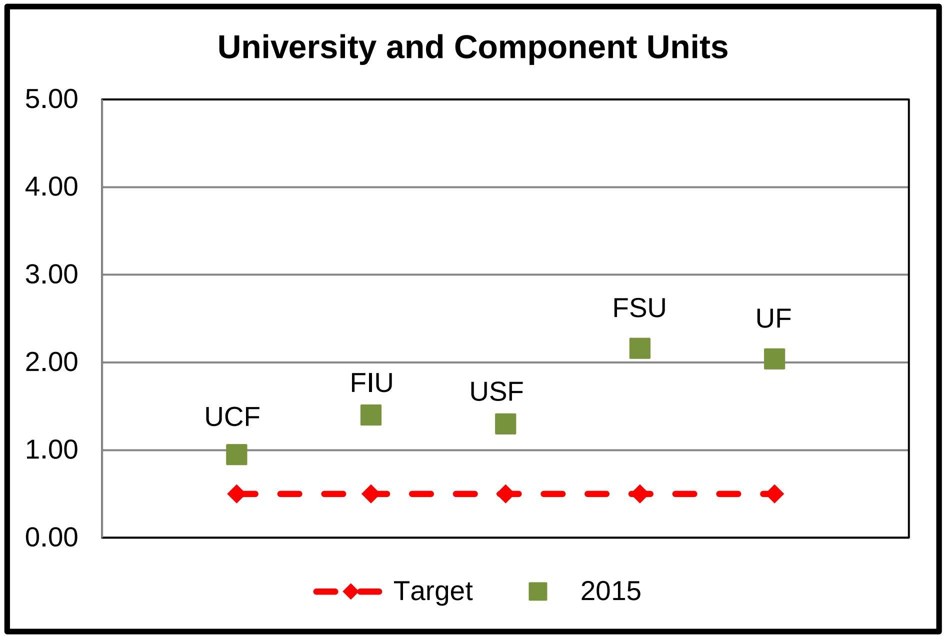
This ratio is calculated as follows:

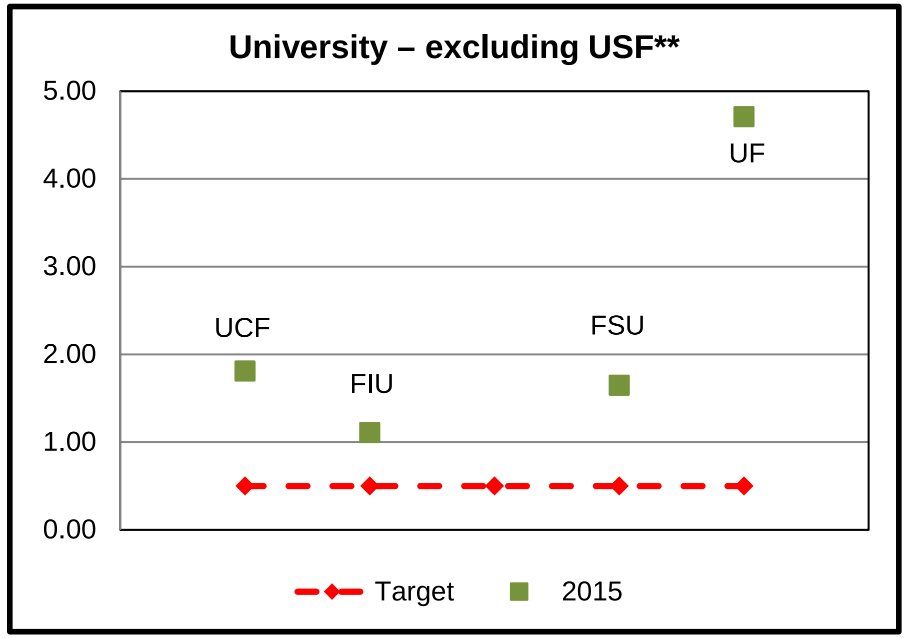
$$\frac{\text{Change in Net Assets}}{\text{Total Net Assets}}$$

- This ratio measures whether the university has improved financially by measuring total economic return or the return on net assets that occurred as a result of the university's activities. The real rate of return adjusts the nominal rate for the effects of inflation using the Higher Education Price Index. The university has established a target of 4.00 percent.

	UCF	FIU	USF	FSU	UF	FAU	FAMU	UNF	FGCU	UWF	NCF
2015 University and Component Units	0.47%	-0.64%	1.81%	-0.96%	1.72%	-2.14%	-2.45%	0.04%	0.73%	2.70%	-0.43%
2015 University	0.12%	-2.04%	1.32%	-0.59%	8.27%	-3.53%	-1.91%	-0.48%	0.15%	4.22%	-2.20%

Viability Ratio – Excluding GASB 68 impact





This ratio is calculated as follows:
Expendable Net Assets*
Long-Term Debt

- This ratio measures one of the most basic determinants of clear financial health, the availability of expendable net assets to cover debt should the university and component units need to settle its obligations. A ratio of 0.5 or greater indicates the university and component units have sufficient reserves to satisfy all liabilities, including long-term debt.

	UCF	FIU	USF	FSU	UF	FAU	FAMU	UNF	FGCU	UWF	NCF
2015 University and Component Units	0.95	1.40	1.30	2.16	2.04	1.00	0.99	0.23	0.40	1.76	0.44
2015 University	1.81	1.11	16.81	1.65	4.71	1.67	0.46	0.16	0.21	N/A	0.18

* Excludes expendable net assets restricted for capital.

** The University of South Florida's debt structure for university-only presentation is not comparable to other State University System universities.

Computing the Composite Financial Index - *Overview of Methodology*

This methodology is an arithmetic means of combining the four ratios previously displayed as a measure of fundamental elements of financial health to yield a single composite financial index that represents an institution's overall financial health.

Under the methodology, the composite financial index (CFI) is calculated as follows:

- determine the value of each ratio.
- divide each ratio by an industry determined relevant value to calculate a strength factor.
- multiply strength factors by specific weighting factors.
- total the resulting four numbers to reach a single CFI score.

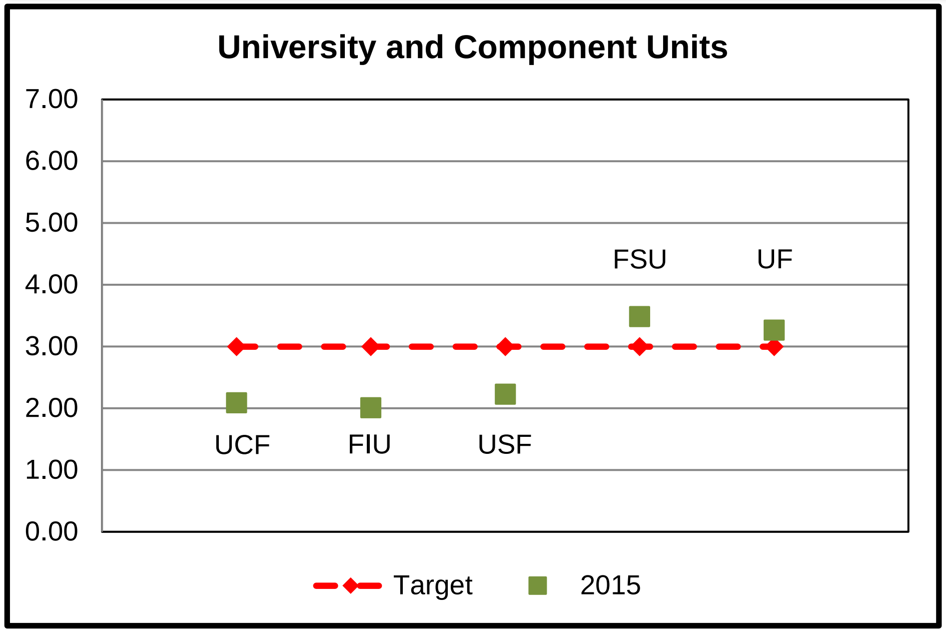
These scores do not have absolute precision but can be indicators of overall institutional well-being when evaluated in conjunction with nonfinancial indicators. However, the ranges do have enough precision to be indicators of the institutional financial health, and the CFI as well as its trend line over a period of time can be the single most important measure of the financial health for the institution.

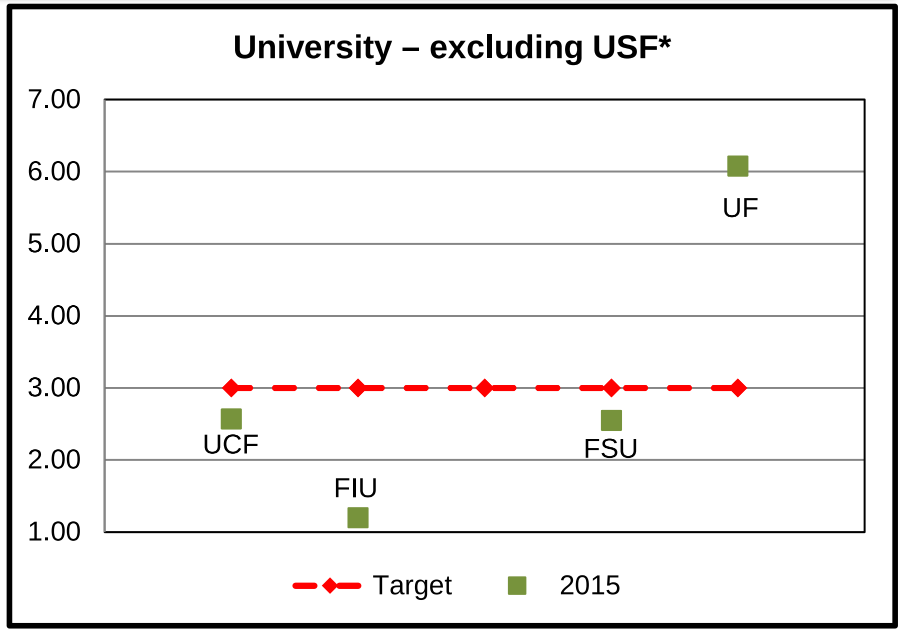
- CFI = Sum of $\left(\frac{\text{Ratios}}{\text{Relevant Value}} \right)$ x Weight

Relevant values and weights assigned were as follows:

	Relevant Value	Weight
Primary Reserve Ratio	0.133	35%
Net Operating Revenues Ratio	0.013	10%
Return on Net Assets Ratio	0.02	20%
Viability Ratio	0.417	35%

Composite Financial Index – Excluding GASB 68 impact





- This index is a composite of the four key ratios. When combined, these four ratios deliver a single measure of the overall financial health of the university. The university has established a target of 3.00.

	UCF	FIU	USF	FSU	UF	FAU	FAMU	UNF	FGCU	UWF	NCF
2015 University and Component Units	2.09	2.01	2.23	3.49	3.27	1.73	0.74	0.29	1.54	2.71	0.34
2015 University	2.57	1.20	15.10	2.55	6.08	1.52	0.08	0.01	0.71	N/A	-0.95

* The University of South Florida’s debt structure for university-only presentation is not comparable to other State University System universities. Their calculated viability ratio skews the composite financial index total.

ITEM: INFO-3

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: University Operating Budget Report Quarter Ended September 30, 2016

DATE: December 7, 2016

For information only.

Supporting documentation: Attachment A: UCF Operating Budget Quarterly Report

Prepared by: Tracy Clark, Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance

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

Attachment A

University of Central Florida
Operating Budget Status

September 30, 2016

Year-to-Date Activity and Variances

The attached reports include revenues and expenditures for the three months ended September 30, 2016, compared to the operating budget. Student credit hours are higher than the enrollment plan by 1.1 percent and are higher than the prior year by 3 percent. Revenue and expenditures as a percentage of budget are consistent with the prior year. Overall, revenues and expenditures as a percent of the operating budget are 33 percent and 26 percent, respectively. Specific activities and variances in certain budget categories are described below.

Educational & General

E&G revenues increased $16 million. Tuition and fees increased $7.3 million, which is primarily due to growth in enrollment including an increase in out-of-state students. State appropriations increased $8.7 million, primarily due to new performance-based funding, emerging-preeminence funding, and funding for the Center for Students with Unique Abilities.

E&G expenditures increased by $1.4 million. Salaries and benefits increased $16 million. Current quarter expenses included one additional pay period totaling $15 million. Other operating expenses decreased $15.6 million, primarily due to a decrease in repairs and renovations.

Medical School

Medical school revenues decreased by $0.6 million due to the timing of the receipt of tuition payments from U.S. military agencies and fewer out-of-state students.

Total medical school expenditures increased by $2 million. Salaries and benefits increased $1.7 million. Current quarter expenses included one additional pay period totaling $1 million. Capital purchases increased $0.5 million, primarily related to tenant improvements for the expansion of clinical space and related equipment purchases.

Auxiliary

Revenues were consistent with the prior year.

Expenditures increased by $0.4 million. Salaries and benefits increased $3.4 million, which includes one additional pay period totaling $2.3 million. Other expenses decreased $3.2 million. Prior year expenses included additional internal funding for construction projects.

University of Central Florida
Operating Budget Status

September 30, 2016

Sponsored Research

Revenues to date increased by $1.8 million, primarily related to increases in federal and private grant funds of $0.9 million and $1.7 million, respectively. This was offset by a reduction in state funding of $1.0 million due to the timing of scheduled billings.

Expenditures to date increased $6.9 million. Salaries and benefits increased $4.0 million, which includes the impact of the additional pay period. Subcontractor research expenses increased $1.4 million for projects for which funding was received in a prior year. In addition, funding to student financial aid for institutional awards increased $0.8 million.

Student Financial Aid

Revenues decreased $7.1 million. Federal funding for loans decreased $1.7 million offset by an increase in Pell Grants of $0.7 million. State funding for Bright Futures funding decreased $1.5 million. Institutional funding decreased $3.5 million, primarily related to timing differences between the two years for National Merit and financial aid merit awards. Private loans decreased $0.7 million.

Expenditures decreased $2.9 million. Federal-funded awards decreased $4.2 million. State-funded awards decreased $1.3 million. Institutional grants increased $2.2 million. Differences between revenues and expenditures by category are primarily related to timing differences between receipt and disbursement of funds.

Student Activities

Revenues were consistent with the prior year. Expenses increased $1.1 million, primarily due to the repayment of a short-term advance from auxiliary general operations.

Concessions

Revenues increased due to the timing of the receipt of commission and sponsorship revenue from Coca-Cola. Expenses were consistent with the prior year.

Technology Fee

Technology fee revenues were consistent with the prior year. Technology fee expense variances are due to timing differences in the progress of the various projects. Approximately 61 percent of 2015-16 and 91 percent of the prior years' awarded funds have been spent or transferred to Computer Services and Telecommunications for projects completed or in progress.

University of Central Florida
Operating Budget Report

as of September 30, 2016 (25% of year)

2016-17	**Revenue**	**Expenditures**	**Expenditure Budget**	**% of Budget Spent**	**Revenue as % of Budget**	**Revenue less Expenditures**	**Fund Balance (as of July 1)**
Educational & General	$ 236,827,471	$ 148,877,201	$ 756,283,641	19.7%	31.3%	$ 87,950,270	$ 156,615,927
Medical School	10,382,936	9,819,230	58,779,194	16.7%	17.7%	563,706	20,959,005
Auxiliary Enterprises	67,367,171	47,521,443	251,990,997	18.9%	26.7%	19,845,727	167,003,290
Sponsored Research	37,946,050	39,209,688	160,694,000	24.4%	23.6%	(1,263,638)	23,155,510
Student Financial Aid	218,496,633	206,657,629	513,219,163	40.3%	42.6%	11,839,003	28,184,468
Student Activities	8,678,234	5,170,949	23,750,000	21.8%	36.5%	3,507,285	9,832,332
Concessions	406,241	73,567	750,000	9.8%	54.2%	332,673	1,369,302
Technology Fee	3,986,454	2,223,689	9,100,000	24.4%	43.8%	1,762,765	8,648,574
	$ 584,091,190	$ 459,553,398	$ 1,774,566,995	25.9%	32.9%	$ 124,537,791	$ 415,768,408

2015-16	**Revenue**	**Expenditures**	**Expenditure Budget**	**% of Budget Spent**	**Revenue as % of Budget**	**Revenue less Expenditures**	**Fund Balance (as of July 1)**
Educational & General	$ 220,880,688	$ 147,505,433	$709,911,191	20.8%	31.1%	$ 73,375,255	$ 171,602,281
Medical School	11,020,596	7,814,676	61,490,461	12.7%	17.9%	3,205,920	23,520,276
Auxiliary Enterprises	67,386,554	47,086,019	236,260,851	19.9%	28.5%	20,300,534	169,828,744
Sponsored Research	36,151,322	32,282,366	155,283,000	20.8%	23.3%	3,868,956	27,239,596
Student Financial Aid	225,618,062	209,605,073	507,419,674	41.3%	44.5%	16,012,989	27,646,086
Student Activities	8,782,279	4,108,307	20,500,000	20.0%	42.8%	4,673,972	9,020,033
Concessions	15,154	83,382	500,000	16.7%	3.0%	(68,228)	1,283,179
Technology Fee	3,972,783	1,396,864	9,100,000	15.4%	43.7%	2,575,919	7,347,815
	$ 573,827,438	$ 449,882,120	$ 1,700,465,177	26.5%	33.7%	$ 123,945,318	$ 437,488,009

University of Central Florida
Operating Expenditure Report

as of September 30, 2016 (25% of year)

2016-17

	Expenditures - Amount					Expenditures - Percent of Total				
	Salaries and Benefits	Expenses	Capital Purchases	Debt Service	Total	Salaries and Benefits	Expenses	Capital Purchases	Debt Service	Total
Educational & General	$ 82,670,869	$ 64,335,038	$ 1,871,294	$ -	$ 148,877,201	55.5%	43.2%	1.3%	-	100.0%
Medical School	7,080,226	1,802,846	936,159	-	9,819,230	72.1%	18.4%	9.5%	-	100.0%
Auxiliary Enterprises	15,767,889	24,685,705	320,761	6,747,088	47,521,443	33.2%	51.9%	0.7%	14.2%	100.0%
Sponsored Research	16,657,561	21,000,285	1,551,843	-	39,209,688	42.5%	53.6%	4.0%	-	100.0%
Student Financial Aid	869,303	205,788,327	-	-	206,657,629	0.4%	99.6%	-	-	100.0%
Student Activities	2,357,636	2,813,313	-	-	5,170,949	45.6%	54.4%	-	-	100.0%
Concessions	1,329	72,238	-	-	73,567	1.8%	98.2%	-	-	100.0%
Technology Fee	29	1,908,482	315,179	-	2,223,689	0.0%	85.8%	14.2%	-	100.0%
	$ 125,404,842	$ 322,406,233	$ 4,995,235	$ 6,747,088	$ 459,553,398	27.3%	70.2%	1.1%	1.5%	100.0%

2015-16

	Expenditures - Amount					Expenditures - Percent of Total				
	Salaries and Benefits	Expenses	Capital Purchases	Debt Service	Total	Salaries and Benefits	Expenses	Capital Purchases	Debt Service	Total
Educational & General	$ 66,730,532	$ 79,874,664	$ 898,801	$ 1,435	$ 147,505,433	45.2%	54.2%	0.6%	0.0%	100.0%
Medical School	5,418,127	1,960,302	436,247	-	7,814,676	69.3%	25.1%	5.6%	-	100.0%
Auxiliary Enterprises	12,328,358	27,857,738	250,519	6,649,404	47,086,019	26.2%	59.2%	0.5%	14.1%	100.0%
Sponsored Research	12,633,237	17,882,474	1,766,655	-	32,282,366	39.1%	55.4%	5.5%	-	100.0%
Student Financial Aid	789,571	208,815,502	-	-	209,605,073	0.4%	99.6%	-	-	100.0%
Student Activities	1,983,859	2,115,246	9,202	-	4,108,307	48.3%	51.5%	0.2%	-	100.0%
Concessions	1,707	81,675	-	-	83,382	2.0%	98.0%	-	-	100.0%
Technology Fee	175	1,052,782	343,906	-	1,396,864	0.0%	75.4%	24.6%	-	100.0%
	$ 99,885,566	$ 339,640,384	$ 3,705,331	$ 6,650,840	$ 449,882,120	22.2%	75.5%	0.8%	1.5%	100.0%

University of Central Florida
Operating Budget Report

as of September 30, 2016 (25% of year)

Statistical Information

Student Credit Hours [1]

Actual Compared to UCF Plan	2016-17 Actual	2016-17 Plan	2016-17 Difference	2016-17 % Variance	2015-16 Actual	2015-16 Plan	2015-16 Difference	2015-16 % Variance
Summer	244,369	239,222	5,147	2.2%	233,465	229,982	3,483	1.5%
Fall	689,965	685,040	4,925	0.7%	673,558	659,726	13,832	2.1%
Spring	-	-	-		-	-	-	
	934,334	924,262	10,072	1.1%	907,023	889,708	17,315	1.9%

Current Year Compared to Prior Year	2016-17	2015-16	Difference	% Variance	2015-16	2014-15	Difference	% Variance
Summer	244,369	233,465	10,904	4.7%	233,465	225,671	7,794	3.5%
Fall	689,965	673,558	16,407	2.4%	673,558	651,023	22,535	3.5%
Spring	-	-	-		-	-	-	
	934,334	907,023	27,311	3.0%	907,023	876,694	30,329	3.5%

Additional Statistical Information

	2016-17	2015-16	Difference	% Variance
Student headcount - Fall 2016[4] and 2015	64,318	63,016	1,302	2.1%
Percent in-state students - Fall 2016[4] and 2015	92.4%	93.3%	-0.9%	
Foundation endowment - June 30, 2016, and 2015	$144,921,082	$148,880,171	$ (3,959,089)	-2.7%
Foundation assets - June 30, 2016, and 2015	$301,206,225	$289,918,298	$ 11,287,927	3.9%
On-campus housing, including Greek housing[2]	6,907			
Rosen Campus housing[2]	384			
Affiliated housing[2]	3,756			
Managed housing[2]	594			
Gross square footage - Orlando Campus[3]	8,217,095			
Acreage - Orlando Campus[3]	1,415			

[1] Medical students are not included in student credit hours.

[2] As of September 2016.

[3] As of March 2016.

University of Central Florida
Operating Budget Status

September 30, 2016

Budgets

Educational & General. The Educational & General budget includes expenditures for instructional activities and related administrative support. This budget is funded by general revenue, Educational Enhancement funds, and student fees. E&G student fees include tuition and out-of-state fees.

Auxiliary Enterprises. Auxiliary enterprises 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 expenditures and allow for future renovations and building or equipment replacement, if applicable. Several of the auxiliaries are partially or wholly funded by student fees, including Student Health Services, Parking Services, and Material and Supply Fees.

Sponsored Research. Sponsored research includes research activities that are funded by federal, state, local, and private funds.

Student Financial Aid. The student financial aid budget largely represents scholarship and loan funds that are received by the university and subsequently disbursed to students. Large disbursements of these funds occur at the beginning of the Fall and Spring semesters. The expenditures in this budget will, therefore, not coincide with the months remaining in the year.

Student Activities. The student activities budget is funded by the Activity and Service Fee paid by the students and includes expenditures for student government and student clubs and organizations. This budget also includes all expenditures for the Student Union and the Recreation and Wellness Center. Expenditures for these entities are funded by the Activity and Service Fee and by revenue generated through functions in the facilities.

Concessions. The concessions budget is funded from vending machine revenue. These funds are used for events and other expenditures that support the university.

Technology Fee. The technology fee was established in January 2009 as allowed by Florida Statute 1009.24. The university began charging 5 percent of the tuition per credit hour beginning in the Fall term of the 2009-10 academic year. A committee and guidelines for the allocation and use of the technology resources were established. The revenue from this fee will be used to enhance instructional technology resources for students and faculty.

University of Central Florida
Operating Budget Status

September 30, 2016

Expenditure Categories

Salaries and Benefits. Salaries and benefits include salary payments, along with employer benefit costs, including FICA, health insurance, life insurance, disability insurance, and pre-tax benefits. Benefits are approximately 30 percent of salaries for permanent employees.

Expenses. Expenses include office supplies, repairs, maintenance costs, contract services, and all other items not included as salaries, capital purchases, or debt service.

Capital Purchases. Capital purchases include personal property with a value of $5,000 or more and library resources with a value of $250 or more, and an expected life of one year or more.

Debt Service. Debt service includes principal and interest payments on bonds and other loans within the university.

ITEM: INFO-4

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: UCF Investments Quarterly Report Ended September 30, 2016

DATE: December 7, 2016

For information only.

Supporting documentation: Attachment A: UCF Investments Quarterly Report

Prepared by: Tracy Clark, Associate Provost for Budget, Planning, and Administration and Associate Vice President for Finance

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

Attachment A

University of Central Florida
Total Operating Portfolio Summary[1]
As of September 30, 2016

Cash & Non-Investment Portfolio	3/31/2016 Reported Value	6/30/2016 Reported Value	9/30/2016 Reported Value
Bank of America	$854,779	$12,841,351	$1,319,459
Valley National Bank - Money Market (formerly CNL)	$5,009	$5,015	$5,019
SPIA	$374,383,646	$305,963,187	$401,006,285
UCF Parking Bonds (SPIA)	$139,655	$0	$0
Total Cash & Non-Investment Portfolio	**$375,383,090**	**$318,809,553**	**$402,330,762**

Structured Investment Portfolio (BNY)	3/31/2016 Market Value	6/30/2016 Market Value	*2nd Quarter Gain/(Loss)*	9/30/2016 Market Value	*3rd Quarter Gain/(Loss)*	*Inception Gain/(Loss)[2]*
Pool I	**$29,999,414**	**$30,017,041**	***$17,627***	**$0**	***$19,231***	***$81,358***
Pool II	**$20,308,161**	**$20,378,297**	***$75,190***	**$50,389,636**	***$32,034***	***$559,976***
Fixed Income (Pool III)[3]	$103,170,294	$104,162,860	*$1,022,762*	$104,319,795	*$186,463*	*$11,992,989*
Domestic Equity (Pool III)	$20,363,931	$20,862,633	*$498,702*	$21,664,872	*$802,239*	*$11,767,108*
Total Pool III	**$123,534,225**	**$125,025,493**	***$1,521,464***	**$125,984,667**	***$988,702***	***$23,760,097***
Fixed Income (Pool IV)[4]	$26,076,884	$26,729,203	*$661,333*	$27,004,111	*$259,516*	*$6,327,022*
Domestic Equity (Pool IV)	$39,972,319	$40,951,221	*$978,902*	$42,525,933	*$1,574,712*	*$23,503,738*
International Equity (Pool IV)	$9,178,242	$9,147,087	*($31,155)*	$9,896,883	*$749,796*	*$2,237,186*
Total Pool IV	**$75,227,445**	**$76,827,511**	***$1,609,080***	**$79,426,927**	***$2,584,023***	***$32,067,946***
Total Structured Investment Portfolio	**$249,069,245**	**$252,248,342**	***$3,223,361***	**$255,801,229**	***$3,623,990***	***$56,469,378***

Total Operating Portfolio	$624,452,335	$571,057,895		$658,131,991	Total Equity Allocation	11.26%

1. The portfolio gain/(loss) data is presented gross of management fees and portfolio expenses but net of physical cash flows.
2. The inception date for analysis is 3/31/10. The actual funding of the various portfolios occurred during March 2010.
3. Pool III's fixed Income market value includes the $13,774 cash balance held in the Pool III mutual fund account.
4. Pool IV's fixed Income market value includes the $ 43,272 cash balance held in the Pool IV mutual fund account.

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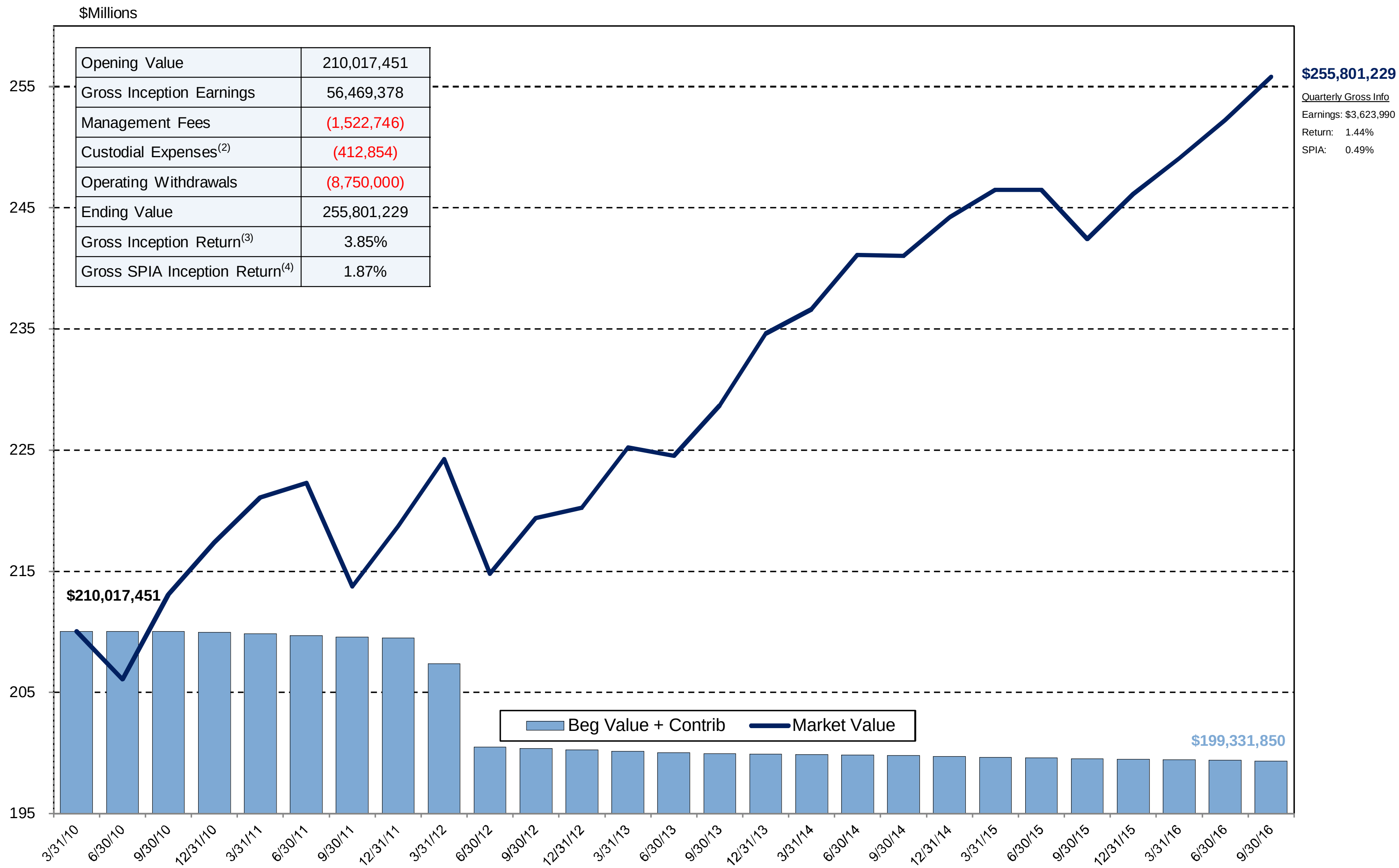
University of Central Florida
Structured Investment Portfolio vs. Net Contributions[1]
As of September 30, 2016

Opening Value	210,017,451
Gross Inception Earnings	56,469,378
Management Fees	(1,522,746)
Custodial Expenses[2]	(412,854)
Operating Withdrawals	(8,750,000)
Ending Value	255,801,229
Gross Inception Return[3]	3.85%
Gross SPIA Inception Return[4]	1.87%



1. Net contributions include cash flows associated with management fees, portfolio expenses and physical cash flows
2. Custodial expense figure is reduced by commission recapture income received
3. Annualized performance number. Net of management fees inception earnings = $54,946,633. Net inception return = 3.74%
4. The gross SPIA inception return corresponds with the 3/31/10 inception of UCF's investment portfolio. Net inception SPIA return = 1.75%

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University of Central Florida
Structured Investment Portfolio Investment Policy Compliance Checklist[1]
As of September 30, 2016

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 years 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:	**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:	**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%.	✓		

1. Taken as an excerpt from the UCF quarterly performance evaluation report. Individual managers are also measured on an ongoing basis against a combination of 15 quantitative and qualitative criteria.

University of Central Florida
Structured Investment Portfolio Detail
As of September 30, 2016

Target Policy Summary	
Pool I	100% 90 Day US T-Bills
Pool II	75% ML 1-Year Treasury + 25% 90 Day US T-bills
Pool III	85% ML 1-5 Year G/C A or Better + 15% S&P 500
Pool IV	35% Barclays Agg + 50% S&P 500 + 15% MSCI-ACWxUS

Pool I	$0	Current Allocation
Cash & Equivalents	**$0**	**100.0%**
Fidelity Money Market	$0	

Pool II	$50,389,636	Current Allocation
Short-Term Fixed Income	**$50,389,636**	**100.0%**
Galliard Capital Management	$50,389,636	

Pool III	$125,984,667	Current Allocation
Intermediate Fixed Income (85%)	**$104,319,795**	**82.8%**
Galliard Capital Management	$56,393,997	
Sawgrass Asset Management(1)	$47,925,799	
Domestic Equity (15%)	**$21,664,872**	**17.2%**
Vanguard Institutional Index	$21,664,872	

Pool IV	$79,426,927	Current Allocation
Broad Market Fixed Income (35%)	**$27,004,111**	**34.0%**
Galliard Capital Management	$19,151,566	
Dodge & Cox Income(2)	$7,852,545	
Domestic Equity (50%)	**$42,525,933**	**53.5%**
Vanguard Institutional Index	$42,525,933	
International Equity (15%)	**$9,896,883**	**12.5%**
Europacific Growth	$9,896,883	

1. Pool III's Sawgrass Asset Management's market value includes the $13,774 cash balance held in the Pool III mutual fund account.
2. Pool IV's Dodge & Cox Income market value includes the $43,272 cash balance held in the Pool IV mutual fund account.

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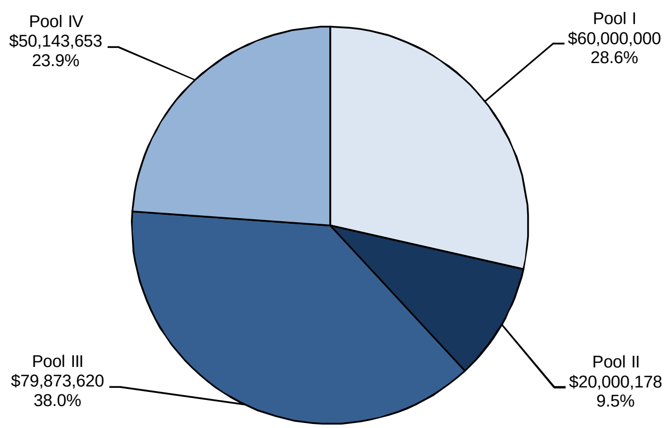
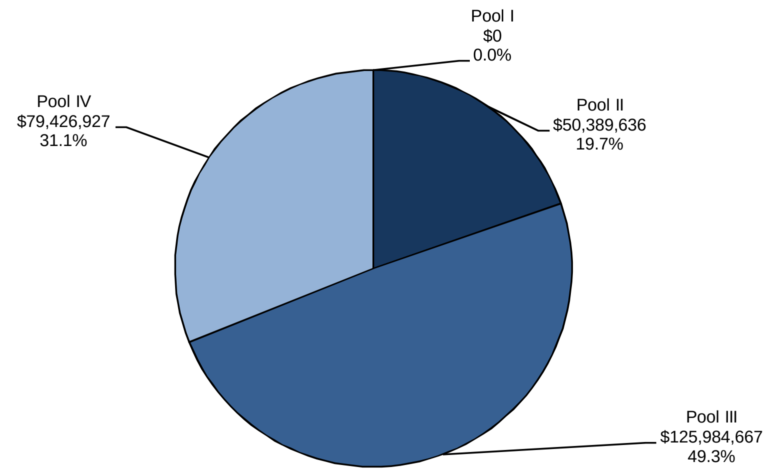
Initial Pool & Asset Allocation vs. Current Structured Investment Portfolio
As of September 30, 2016

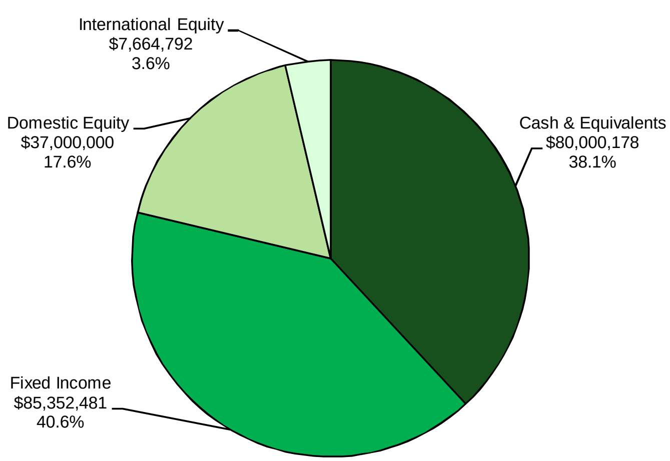
3/31/2010: $210,017,451
Pool Allocation



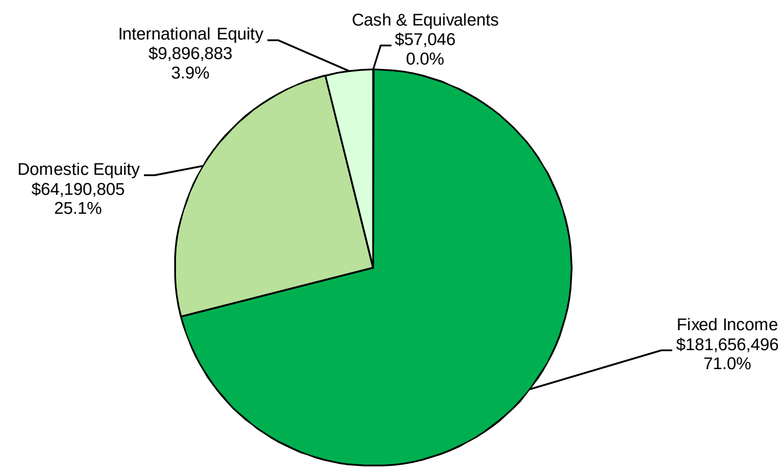
9/30/2016: $255,801,229
Pool Allocation



Asset Allocation



Asset Allocation



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ITEM: INFO-5

University of Central Florida
Board of Trustees
Finance and Facilities Committee

SUBJECT: Direct Support Organizations' 2016-17 First-Quarter Financial Reports

DATE: December 7, 2016

For information only.

Supporting documentation: Attachment A: UCF Athletic Association and Stadium Corporation
Attachment B: UCF Convocation Corporation
Attachment C: UCF Finance Corporation
Attachment D: UCF Research Foundation

Prepared by: John C. Pittman, Associate Vice President for Administration and Finance, Debt Management

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

Attachment A

UCF Athletic Association and The UCF Stadium Corporation
Consolidated Statement of Operations
For the quarter ended September 30, 2016

	UCF Athletic Association Actual 2016-17	UCF Stadium Corporation Actual 2016-17	Combined Actual 2016-17	UCF Athletic Association Budget 2016-17	UCF Stadium Corporation Budget 2016-17	Combined Budget 2016-17	Variance to Budget Favorable (Unfavorable)		UCF Athletic Association Actual 2015-16	UCF Stadium Corporation Actual 2015-16	Combined Actual 2015-16	Variance to Prior Year Favorable (Unfavorable)	
Operating revenues													
Athletic events, including premium seating	$ 3,328,721	$ 1,966,614	$ 5,295,335	$ 3,551,951	$ 1,925,000	$ 5,476,951	(181,616)	(3.32)%	$ 3,490,477	$ 1,949,535	$ 5,440,012	$ (144,677)	(2.66)%
University allocations	12,346,791	-	12,346,791	12,576,996	-	12,576,996	(230,205)	(1.83)%	11,835,014	-	11,835,014	511,777	4.32 %
Sponsorship	407,999	750,000	1,157,999	420,888	750,000	1,170,888	(12,889)	(1.10)%	480,555	750,000	1,230,555	(72,556)	(5.90)%
Contributions	175,125	10,000	185,125	181,930	30,000	211,930	(26,805)	(12.65)%	113,821	29,170	142,991	42,134	29.47 %
Other	114,168	-	114,168	115,200	-	115,200	(1,032)	(0.90)%	318,899	1,301	320,200	(206,032)	(64.34)%
Total operating revenues	16,372,804	2,726,614	19,099,418	16,846,965	2,705,000	19,551,965	(452,547)	(2.31)%	16,238,766	2,730,006	18,968,772	130,646	0.69 %
Operating expenses													
Scholarships	3,467,242	-	3,467,242	3,620,954	-	3,620,954	153,712	4.25 %	3,280,633	-	3,280,633	(186,609)	(5.69)%
Employee compensation	4,851,037	-	4,851,037	4,903,092	-	4,903,092	52,055	1.06 %	3,929,404	-	3,929,404	(921,633)	(23.45)%
Sport operations	2,225,624	-	2,225,624	2,285,433	-	2,285,433	59,809	2.62 %	2,069,212	-	2,069,212	(156,412)	(7.56)%
Support operations	1,601,092	-	1,601,092	1,665,009	-	1,665,009	63,917	3.84 %	2,512,891	-	2,512,891	911,799	36.28 %
Other	559,660	14,261	573,921	637,585	50,000	687,585	113,664	16.53 %	840,382	19,290	859,672	285,751	33.24 %
Total operating expenses	12,704,655	14,261	12,718,916	13,112,073	50,000	13,162,073	443,157	3.37 %	12,632,522	19,290	12,651,812	(67,104)	(0.53)%
Net operating income	3,668,149	2,712,353	6,380,502	3,734,892	2,655,000	6,389,892	(9,390)	(0.15)%	3,606,244	2,710,716	6,316,960	63,542	1.01 %
Nonoperating revenues (expenses)													
Net transfers to Stadium Corporation from UCFAA	(963,566)	963,566	-	(963,566)	963,566	-	-	-	(732,432)	732,432	-	-	-
Interest income	-	10,215	10,215	-	3,750	3,750	6,465	172.41 %	-	33,215	33,215	(23,000)	(69.24)%
Interest (expense)	(26,553)	(326,507)	(353,060)	(28,000)	(350,000)	(378,000)	24,940	6.60 %	(23,880)	(345,906)	(369,786)	16,726	4.52 %
Total nonoperating expenses	(990,119)	647,275	(342,844)	(991,566)	617,316	(374,250)	31,406	8.39 %	(756,312)	419,741	(336,571)	(6,273)	(1.86)%
Net increase (decrease) from operations	**$ 2,678,030**	**$ 3,359,628**	**$ 6,037,658**	**$ 2,743,326**	**$ 3,272,316**	**$ 6,015,642**	**$ 22,016**		**$ 2,849,932**	**$ 3,130,457**	**$ 5,980,389**	**$ 57,269**	
Debt service:													
Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00 %	$ 32,495	$ -	$ 32,495	$ 32,495	100.00 %
Interest	26,553	326,507	353,060	28,000	350,000	378,000	24,940	(6.60)%	23,880	345,906	369,786	16,726	4.52 %
Total Debt Service	**$ 26,553**	**$ 326,507**	**$ 353,060**	**$ 28,000**	**$ 350,000**	**$ 378,000**	**$ 24,940**	**(6.60)%**	**$ 56,375**	**$ 345,906**	**$ 402,281**	**$ 49,221**	**104.52 %**

Attachment B

UCF Convocation Corporation
Statement of Operations
For the quarter ended September 30, 2016

	2016 -17				2015 -16			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Housing Operations								
Revenues								
Apartment rentals	$ 8,702,427	$ 8,675,000	$ 27,427	0.3 %	$ 8,694,265	$ 8,128,458	$ 565,807	7.0 %
Parking	259,097	259,097	-	0.0 %	259,097	259,097	-	0.0 %
Other	32,130	2,000	30,130	1506.5 %	11,588	11,350	238	2.1 %
Total revenues	8,993,654	8,936,097	57,557	0.6 %	8,964,950	8,398,905	566,045	6.7 %
Total expenses	1,937,374	2,186,889	249,515	11.4 %	1,869,135	3,002,894	1,133,759	37.8 %
Net increase from housing operations	7,056,280	6,749,208	307,072	4.5 %	7,095,815	5,396,011	1,699,804	31.5 %
Retail Operations								
Total revenues	481,353	475,475	5,878	1.2 %	455,313	455,260	53	0.0 %
Total expenses	122,713	166,160	43,447	26.1 %	138,941	154,359	15,418	10.0 %
Net increase from retail operations	358,640	309,315	49,325	15.9 %	316,372	300,901	15,471	5.1 %
Arena Operations								
Revenues								
Event related	1,356,196	1,021,162	335,034	32.8 %	354,580	655,119	(300,539)	(45.9)%
Premium seating and sponsorship	78,531	137,950	(59,419)	(43.1)%	115,394	110,792	4,602	4.2 %
Rental Income	2,333,750	2,333,750	-	0.0 %	2,333,750	2,333,750	-	0.0 %
Other	39,079	76,929	(37,850)	(49.2)%	120,632	67,250	53,382	79.4 %
Total revenues	3,807,556	3,569,791	237,765	6.7 %	2,924,356	3,166,911	(242,555)	(7.7)%
Expenses								
Direct event	1,039,212	792,104	(247,108)	(31.2)%	189,986	500,569	310,583	62.0 %
Operating and indirect event	1,006,666	1,025,312	18,646	1.8 %	994,319	2,073,066	1,078,747	52.0 %
Direct premium seating	70,840	70,840	-	0.0 %	64,008	59,072	(4,936)	(8.4)%
Other [1]	-	-	-	-	264,071	-	(264,071)	-
Total expenses	2,116,718	1,888,256	(228,462)	(12.1)%	1,512,384	2,632,707	1,120,323	42.6 %
Net increase (decrease) from arena operations	1,690,838	1,681,536	9,303	0.6 %	1,411,972	534,204	877,768	164.3 %
Net increase from total operations	$ 9,105,758	$ 8,740,059	$ 365,699	4.2 %	$ 8,824,159	$ 6,231,116	$ 2,593,043	41.6 %

	2016 -17 Actual	2015 -16 Actual
Debt Service		
Principal	$ -	$ -
Interest	-	-
Total Debt Service	$ -	$ -

[1] Other expenses for the Arena primarily consist of cost of issuance fees related to the Arena debt refunding in August 2015.

Attachment C

UCF Finance Corporation
Statement of Operations
For the quarter ended September 30, 2016

	2016-17				2015-16			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Revenues								
University transfers	$ 732,347	$ 716,453	$ 15,894	2.2 %	$ 732,961	$ 750,957	$ (17,996)	(2.4)%
Interest	1,798	-	1,798	100.0 %	3,392	-	3,392	100.0 %
Total revenues	734,145	716,453	17,692	2.5 %	736,353	750,957	(14,604)	(1.9)%
Expenses								
Operating	4,011	4,250	239	5.6 %	15,541	14,550	(991)	(6.8)%
Interest	590,381	572,203	(18,178)	(3.2)%	588,220	596,407	8,187	1.4 %
Debt related	139,753	140,000	247	0.2 %	132,592	140,000	7,408	5.3 %
Total expenses	734,145	716,453	(17,692)	(2.5)%	736,353	750,957	14,604	1.9 %
Net change from operations	$ -	$ -	$ -		$ -	$ -	$ -	

	2016-17	2015-16
Debt Service		
Principal	$ 1,415,000	$ 1,355,000
Interest	590,381	588,220
Total Debt Service	$ 2,005,381	$ 1,943,220

Attachment D

UCF Research Foundation
Statement of Operations
For the quarter ended September 30, 2016

	2016-17				2015-16			
	Actual	Budget	Variance Favorable (Unfavorable)		Actual	Budget	Variance Favorable (Unfavorable)	
Revenues								
Operating revenue[1]	$ 2,227,568	$ 1,882,500	$ 345,068	18.3 %	$ 1,987,844	$ 1,936,250	$ 51,594	2.7 %
Management fees and other	110,922	95,000	15,922	16.8 %	58,500	60,000	(1,500)	(2.5)%
Total revenues	2,338,490	1,977,500	360,990	18.3 %	2,046,344	1,996,250	50,094	2.5 %
Expenses								
Total operating expenses	2,297,698	1,982,050	(315,648)	(15.9)%	1,934,655	1,933,413	(1,242)	(0.1)%
Net increase (decrease) from operations	$ 40,792	$ (4,550)	$ 45,342	(996.5)%	$ 111,689	$ 62,837	$ 48,852	77.7 %

[1] Operating includes royalties, contributions, rents, conferences, unit residuals, and consortiums.