



## **February 23, 2023 Budget and Finance Committee**

Board of Trustees

Live Oak Event Center

Feb 23, 2023 2:45 PM - 4:00 PM EST

### **Table of Contents**

<b>I. Agenda.....</b>	<b>2</b>
<b>II. Minutes of the November 16, 2022, meeting.....</b>	<b>4</b>
<b>III. Reports</b>	
<b>A. DISC-1 SVP Update.....</b>	<b>7</b>
<b>IV. Action</b>	
<b>A. BUDC – 1 Operating Budgets for Auxiliary Facilities with Bonded Debt.....</b>	<b>19</b>
<b>V. Discussion</b>	
<b>A. DISC -2 Draft University Audited Financial Statements Report.....</b>	<b>24</b>
<b>VI. Information</b>	
<b>A. INFO – 1 University Investment Report – 2nd Quarter, Ended December 31, 2022.....</b>	<b>94</b>
<b>B. INFO – 2 University Operating Budget Report – 2nd Quarter, Ended December 31, 2022 .....</b>	<b>113</b>
<b>C. INFO - 3 Direct Support Organizations' (DSO) Financial Reports – 2nd Quarter, Ended December 31, 2022 .....</b>	<b>118</b>
<b>D. INFO - 4 University and Direct Support Organizations Debt Report .....</b>	<b>138</b>
<b>E. INFO - 5 Fixed Capital Outlay Budget Update .....</b>	<b>143</b>
<b>VII. New Business</b>	
<b>VIII. Adjournment</b>	



**Board of Trustees Meeting  
Budget and Finance Committee  
February 23, 2023, 2:45 p.m. – 4:00 p.m.**  
*(or upon adjournment of previous meeting, and at the Chair's privilege)*  
**Live Oak Event Center | UCF Main Campus**

Livestream: <https://www.youtube.com/watch?v=ukTFGrb-vag>

Conference call number: 1 (305) 224-1968 | Meeting ID: 916 9962 4851 | Passcode: 874420

### AGENDA

- |  |  |
|--|--|
| 1. Call to Order and Welcome                 | Harold Mills, <i>Chair, Budget and Finance Committee</i>   |
| 2. Roll Call                                 | Carmen Jarquin, <i>Administrative Coordinator, Administration and Finance</i>  |
| 3. Minutes of the November 16, 2022, meeting | Chair Mills  |
| 4. Reports (40-minutes)                      | Chair Mills  |
| DISC – 1                                     | SVP Update<br>Gerald Hector, <i>Senior Vice President for Administration and Finance</i>   |
| 5. Action (20-minutes)                       |  |
| BUDC – 1                                     | Operating Budgets for Auxiliary Facilities with Bonded Debt<br>Gerald Hector<br>Bert Francis, <i>Assistant Vice President for Debt Management and University Treasurer</i> |
| 6. Discussion (5-minutes)                    |  |
| DISC – 2                                     | Draft University Audited Financial Statements Report<br>Gerald Hector<br>Danta White, <i>Assistant Vice President for Administrative Affairs and University Controller</i> |
| 7. Information (10-minutes)                  |  |
| INFO – 1                                     | University Investment Report – 2 <sup>nd</sup> Quarter, Ended December 31, 2022<br>Gerald Hector<br>Bert Francis   |



- |                 |   |
|-----------------|---|
| INFO – 2        | University Operating Budget Report – 2 <sup>nd</sup> Quarter, Ended December 31, 2022<br>Gerald Hector<br>Danta White   |
| INFO – 3        | Direct Support Organizations' (DSO) Financial Reports – 2 <sup>nd</sup> Quarter, Ended December 31, 2022<br>Gerald Hector<br>Christina Tant, <i>Assistant Vice President for DSO Accounting and Reporting</i> |
| INFO – 4        | University and Direct Support Organizations Debt Report<br>Gerald Hector<br>Bert Francis  |
| INFO – 5        | Fixed Capital Outlay Budget Update<br>Gerald Hector<br>Jon Varnell, <i>Vice President for Facilities and Business Operations</i>  |
| 8. New Business | Chair Mills   |
| 9. Adjournment  | Chair Mills   |



UNIVERSITY OF CENTRAL FLORIDA

**Board of Trustees Meeting**  
Budget and Finance Committee  
November 16, 2022  
Lake Nona Wave Hotel, Orlando, FL

**MINUTES**

**CALL TO ORDER**

Trustee Harold Mills, chair of the Budget and Finance Committee, called the meeting to order at 3:55 p.m. Committee members Tiffany Altizer, Bill Christy, Jeff Condello, and Michael Okaty were present.

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

**MINUTES**

The minutes of the September 28, 2022, Budget and Finance Committee meeting were unanimously approved as submitted.

**REPORTS**

**DISC – 1     SVP Update**

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

- SUS Internal Control Audit has been completed and showed no material weaknesses or significant deficiencies. Items of note centered around policy, timeliness and accuracy which are all a part of the work that is being done with the Workday and Service Enhancement Transformation (SET) implementations.
- Convocation Corporation bonds have been refinanced which provides a net cashflow of approximately \$300k per year.
- Insurance coverage and premiums have been renegotiated for both Convocation and Stadium Corporations with a savings of over \$600k per year.
- Launched a new Workday system. All 13 colleges and direct support organizations (DSOs) are operating on one platform. Training is ongoing and policies, practices, and procedures will be aligned with the new system. All four



tenets of “go live” are showing improvement with each passing week. System stabilization is the main goal for fiscal year 2022-23.

- Budget versus actuals template developed.
- Reporting and variations on reports is ongoing.
- Formed new bi-weekly meetings with all Budget Directors and the SVP/CFO to look at financial and operational management in a more holistic manner.
- First iteration of “How Much It Costs to Educate a Knight?” has been completed. Review is underway. A benchmark of peers across the country is needed next.

Hector added that two key hires have been added to the division: Kimberly Banks, Senior Assistant Vice President for Budget, Planning and Analysis, and Benjamin Davis, Assistant Vice President for Planning, Design and Construction.

He next gave a Higher Education Emergency Relief Funding (HEERF) update. The university currently has \$59M. 91% of this amount pertains to IT and Facilities expenses. The rest is to be spent by June 2023, as extensions may not be available after this time. The supply chain and labor issues are still having an impact.

## **ACTION**

### **BUDC – 1 University Investment Program Structure Update**

Hector presented for approval an update of the University Investment Program Structure. Hector stated that the university is looking at a different way to manage cash resources.

The university is now trying to take advantage of the current interest rates. Bert Francis, Assistant Vice President for Debt Management and University Treasurer, then shared some history of the program structure and outlined what the changes entailed. There are four suggested changes:

1. Reestablishment of pool one, which hasn’t existed for a period of time because returns were minimal.
2. Conversion of equity index funds.
3. Change of Bloomberg Aggregate Index from 30 years to 10 years.
4. Reduction of International Equities allocation from 15% to 10% and an increase of Domestic Equities allocation from 45% to 50%

Francis reiterated that safety, liquidity and returns are paramount in these changes and are requirements via state statute.

Trustee Altizer made a motion to approve the Proposed University Investment Program Structure Update. Trustee Christy seconded the motion. The motion was unanimously approved.

## **INFORMATION**

The committee had no questions regarding the information items.

## **NEW BUSINESS**

The committee had no other business to discuss.

## **ADJOURNMENT**

Chair Mills adjourned the Budget and Finance Committee meeting at 4:47 p.m.

Reviewed by:

---

Harold Mills  
Chair, Budget and Finance Committee

Date

Respectfully submitted:

---

Michael A. Kilbride  
Associate Corporate Secretary

Date

**Board of Trustees**  
**Budget and Finance Committee | February 23, 2022**

### **DISC-1: SVP Update**

---

☐ Information

☒ Discussion

☐ Action

Meeting Date for Upcoming Action: N/A

#### **Purpose and Issues to be Considered:**

The Senior Vice President for Administration and Finance provides updates to the Board of Trustees as part of his report on accomplishments since the last board meeting, and to share new initiatives, activities, and efforts around the financial and administrative management of the university. The update is a continuation of the desire of the administration to ensure that the Board of Trustees is apprised of the change management efforts that the university has undertaken, and where necessary the changes being made to policies, practices, and procedures. This report is primarily geared towards sharing information to assist trustees to carry out their fiduciary duties on behalf of the university.

#### **Background Information:**

The university continues with its change management efforts around Workday, Adaptive and Shared Services. As we have shared before, Knight Vision by itself was a heavy lift for the university. It is compounded even further by the challenges with staffing and filling open positions. Despite those challenges, the team members of the Division of Administration and Finance continue to deliver on the promises of moving our financial and operational matters to the next level.

#### **Workday:**

The end of January marked the seventh month of us being live in Workday. It has truly been a journey of discovery and improvements. Like any system conversion it also has its challenges. We accomplished this feat with a truncated timeline because of the improvements that were needed around our financial and operational reporting. The implementation has done what we expected. It disrupted our ways of thinking about managing our finances, and in the process also exposed areas that we will need to continually improve around the recording, summarization and reporting of financial information in a way that is automated as much as possible and bring with it greater tools that we did not have the functionality in the PeopleSoft system. There are still learning curves to overcome, and cross functional teams are working on them in a collaborative way. In some instances, new business processes are being developed to use the system to its full capacity versus layering in old customs and processes.

All the work is being accomplished by a dedicated group of individuals who are being impacted by the current job market conditions in that positions that they have to take on extra work.

We have started exploring options to build our own workforce through methods of engaging alumni of the university and reengaging a student internship program. Both are in their nascent stages and are seen as temporary measures until we can hire permanent staff. Both programs are being discussed through the SVP/CFO office at this time.

### **Budget:**

With the launch of Adaptive Planning, the university is continuing with its march towards implementing the Responsibility Center Management (RCM) budget model. The model was adopted in calendar year 2020, but Adaptive Planning was launched alongside the Workday implementation. The fiscal year 2023 budget was a first iteration but had to be scaled back due to the late enrollment figures that impacted execution in a way we desired. Now with increased functionality added, we are now able to build out the new model with the ability to look at multiyear forecasting, budget to actuals and other reports. The combination of both Workday and Adaptive Planning will get us closer to our goal of closing the books of the university each month. That is a major goal of the Budget and Finance offices to assist with our financial management. We will also launch a new effort around cash flow projections at the end of each month.

With some recent personnel changes, the Budget Office will be elevated to become a dual reporting function at the university. Similar to our peer R1 institutions, the Provost as the Chief Budget Officer, and the SVP as the Chief Financial Officer will oversee and guide both the annual planning and execution on the budget. The elevation of this office will also give broad oversight of both the academic and administrative functions that were missing before. The new budget will also allow for the “all funds” nature of the RCM model to have more impact as all revenue sources and fund balances will become a part of the annual budgeting process, and more importantly the monthly budget to actual reporting.

### **Higher Education Relief Funds (HEERF):**

The Department of Education’s HEERF program reported approximately \$57 million left to be spent as of December 31, 2022. Although a sizeable number, the total is allocated for spending to various and sundry projects. The largest concentration of committed funds not spent is in the areas of Information Technology and Facilities. In the case of Facilities, upgrades to HVAC systems have been hampered by supply chain issues in getting part and equipment to complete these projects. Some of the projects are more than a year old in terms of contracts and purchase orders being issued. We are optimistic that they will get completed by the June 30, 2023, deadline. In the case of Information Technology (which has the largest amount left to be spent), they are challenged by the same supply chain issues, but theirs is compounded by labor issues for installations as well. We have procured some items that will be installed, and they are housed in a warehouse on campus; however, critical components from Cisco and other vendors are severely delayed to complete the projects. Our Information Technology department is in constant contact with the vendors. Of the total allotment for Information Technology, approximately \$13.9 million is yet to be placed in formal purchase orders or contracts. Approximately \$15 million is “at risk” due to supply chain and labor issues as they are already under contract. They are “at risk” because if the funds are not spent by June 30, 2023, they end. Good and services must be purchased and received within the grant period. We are seeking to work with officials from the Department of Education on receiving another no cost extension for an additional year.

The university has already started a process of reviewing existing projects for their viability of expenditure by the deadline. Each remaining project is being reviewed, and if there is a prospect that the funds will not be spent, we are exploring moving the funds to student scholarships if still allowed by the Department of Education given the timing. That timing is predicated upon whether the Department of Education will allow for a no cost extension on these funds. That was an option floated last year by them before they made a blanket approval for all institutions to get an additional year to spend the funds. Using last year’s discussion as a guide, if the Department of Education is going to allow for a no cost extension, the application will have to be approximately ninety days before the deadline. That would put a necessary application to be submitted by March of 2023. This is still speculative at this point, but we

are monitoring this very closely. We are not the only institution facing this dilemma of having a large student body with a high number of Pell Grant eligible students; however, we still must follow the guidelines as currently established by the Department of Education. Our goal is to spend all the dollars in before the deadline if possible.

**Recommended Action:**

For discussion only.

**Alternatives to Decision:**

N/A

**Fiscal Impact and Source of Funding:**

N/A

**Authority for Board of Trustees Action:**

N/A

---

**Contract Reviewed/Approved by General Counsel** ☐ N/A ☒

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

**Submitted by:**

Gerald Hector, Senior Vice President for Administration and Finance

**Supporting Documentation:**

Attachment A: SVP Update – The Pivot Financially as “One UCF”

**Facilitators/Presenters:**

Gerald Hector



# The Pivot Financially As “One UCF”

---

## SVP Update

Budget and Finance Committee - February 2023

Gerald L. Hector, CPA

Senior Vice President for Administration and Finance

# CONTENTS

---

- 1** Q2 Financial Summary
- 2** Key Updates
- 3** HEERF Update
- 4** Workday & Adaptive Update
- 5** Questions

# University 2<sup>nd</sup> Quarter Financial Summary

	FY 2023 BOG Approved Budget	FY 2023 Actuals 12-31-2022	\$ Remaining Budget	% of Budget Used	Prior Year Actuals 12-31-2021	\$ Favorable/ (Unfavorable)	% Increase/ (Decrease)
<b>Revenues</b>							
E&G Main	661,142,391	401,360,962	259,781,429	60.71%	400,272,855	1,088,106	0.27%
E&G College of Medicine	48,138,526	27,412,956	20,725,570	56.95%	27,617,171	(204,216)	-0.74%
E&G Florida Center for Students with Unique Abilities	8,984,565	4,492,260	4,492,305	50.00%	4,492,260	-	0.00%
Contracts and Grants - Other Grants	239,078,959	74,077,700	165,001,259	30.98%	83,430,039	(9,352,339)	-11.21%
Contracts and Grants - HEERF	63,543,631	20,440,587	43,103,044	32.17%	39,828,433	(19,387,847)	-48.68%
Contracts and Grants - Arecibo		3,173,647	(3,173,647) -		14,756,393	(11,582,746)	-78.49%
Auxiliaries - Other Auxiliaries	294,445,682	175,351,876	119,093,806	59.55%	188,246,948	(12,895,072)	-6.85%
Auxiliaries - HEERF	-	-	-	0.00%	32,143,333	(32,143,333)	
Local Funds - Other Local Funds	733,022,776	369,509,092	363,513,684	50.41%	351,479,595	18,029,497	5.13%
Local Funds - HEERF	653,080	633,299	19,781	96.97%	75,902,206	(75,268,906)	-99.17%
Faculty Practice Plan (FPP)	12,600,805	4,367,936	8,232,869	34.66%	3,648,518	719,418	19.72%
<b>Total Revenues</b>	<b>2,061,610,415</b>	<b>1,080,820,315.22</b>	<b>980,790,100</b>	<b>52.43%</b>	<b>1,221,817,751</b>	<b>(140,997,436)</b>	<b>-11.54%</b>
<b>Expenditures</b>							
E&G Main	661,142,391	299,672,449	361,469,942	45.33%	301,690,031	2,017,583	0.67%
E&G College of Medicine	48,138,526	19,775,974	28,362,552	41.08%	20,353,773	577,798	2.84%
E&G Florida Center for Students with Unique Abilities	8,984,565	2,773,127	6,211,438	30.87%	1,820,003	(953,124)	-52.37%
Contracts and Grants - Other Grants	232,031,557	75,667,550	156,364,007	32.61%	80,695,988	5,028,438	6.23%
Contracts and Grants - HEERF	63,543,631	18,796,130	44,747,501	29.58%	38,688,571	19,892,442	51.42%
Contracts and Grants - Arecibo		3,173,647	(3,173,647) -		14,756,365	11,582,718	78.49%
Auxiliaries	326,938,434	124,220,226	202,718,208	37.99%	116,688,438	(7,531,788)	-6.45%
Local Funds - Other Local Funds	733,575,660	293,003,317	440,572,343	39.94%	308,848,810	15,845,493	5.13%
Local Funds - HEERF	653,080	633,299	19,781	96.97%	75,902,206	75,268,906	99.17%
Faculty Practice Plan (FPP)	14,563,620	4,245,351	10,318,269	29.15%	1,602,158	(2,643,193)	-164.98%
<b>Total Expenditures</b>	<b>2,089,571,464</b>	<b>841,961,071</b>	<b>1,247,610,393</b>	<b>40.29%</b>	<b>961,046,343</b>	<b>119,085,272</b>	<b>12.39%</b>
<b>Surplus/(Deficit)</b>	<b>(27,961,049)</b>	<b>238,859,244</b>	<b>(266,820,293)</b>		<b>260,771,409</b>	<b>(260,082,708)</b>	



# Key Updates

---

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

# HEERF Update

---

- There is \$58 million dollars of unspent HEERF funds remaining as of December 31, 2022. The total is fully allocated to projects across the university. Approximately \$15 million is “at risk” due to supply chain and labor issues and the funding deadline of June 30, 2023
- Other programs are being assessed for their link to COVID, and the timeline to spend by June 2023
- Lost revenue for the University of Central Florida Convocation Corporation was drawn in January which reduced the allocations from HEERF for Information Technology. We will assess needs based on the source of funding that will include carryforward in the future
- We are exploring repurposing funds that are deemed not being able to be spent by June 2023. They will be reallocated to student scholarships which is allowed by the regulations from the Department of Education
- We track individual projects, and those reviews are subject to final decisions by the Provost and the SVP/CFO

# Workday & Adaptive Update

---



# Finance & Accounting Update



KPMG's Paul Knopp talking with students during the fall at the University of Texas campus in Austin. BILL MCCULLOUGH FOR THE WALL STREET JOURNAL

MANAGING YOUR CAREER

## Why So Many Accountants Are Quitting

Even some accounting majors don't want accounting jobs

By [Lindsay Ellis](#) [Follow](#)

Dec. 28, 2022 at 9:00 am ET

## THE WALL STREET JOURNAL.

CFO JOURNAL

## Struggling to Find Accountants, Businesses Boost Salary Offers, Hire Temporary Workers

Companies take longer to fill positions as tightness in the labor market continues and fewer people study accounting

# Budget Planning

---

- We are continuing with the transition to a full Responsibility Center Management (RCM) Budget Model for FY 2023-2024
- This year's governance materials employ the “All-Funds” approach, reviewing the total costs to deliver services, funding composition, and available fund balances



# Questions



Board of Trustees  
Budget and Finance Committee | February 23, 2023

### BUDC-1: Operating Budgets for Auxiliary Facilities with Bonded Debt

---

☐ Information

☐ Discussion

☒ Action

Meeting Date for Upcoming Action: February 24, 2023

---

#### Purpose and Issues to be Considered:

Board of Governors' Regulation 9.008 *University Auxiliary Facilities with Outstanding Revenue Bonds* provides guidance to universities for auxiliary facilities with outstanding revenue bonds. Certain outstanding state university system bond issues for auxiliary facilities have covenants that state: "The Board of Governors shall annually, at least ninety (90) days preceding the beginning of each fiscal year, prepare a detailed budget providing reasonable estimates of the current revenues and expenses of the university during the succeeding fiscal year and setting forth the amount to be deposited in the Maintenance and Equipment Reserve Fund (reserves). The budget shall be adopted by the Board of Governors and shall not be changed during the fiscal year except by the same procedure by which it was adopted." The university currently has outstanding revenue bonds for both its Parking and Housing auxiliaries.

#### Parking:

Proposed Parking budget demonstrates net operating income of \$2.3 million. Operating revenue is expected to remain consistent with 2022-23 estimates. The 2023-24 operating expenditure budget increased \$3.2 million over 2022-23 estimates, primarily due to an increase in lot resurfacing of \$500 thousand, a \$1 million budget reserve for spending authority, \$480 thousand for staffing vacancies, and \$1.2 million in other expenditures. The \$1 million budget reserve is consistent with prior years and is less than 4% of total expenditures.

Non-operating expenditures of \$4.8 million consists of capital projects including \$2 million for the design and study of a Lake Nona Campus parking structure, \$1.5 million for a garage elevator project, \$500 thousand for a parking garage restoration, and \$750 thousand for license plate recognition and security cameras in garages. These projects will be funded from existing cash balances.

The proposed budget satisfies bond covenant requirements for debt coverage ratio and sufficient funding of required reserves.

#### Housing:

Proposed Housing budget demonstrates net operating income of \$9.1 million. Operating revenue is expected to remain consistent with the 2022-23 estimates, with a slight decrease due to unusually high occupancy rates in 2022-23. The 2023-24 operating expenditure budget increased \$1.4 million, primarily due to vacant positions being filled and repairs and maintenance.

Non-operating expenditures of \$8.0 million consists of capital projects including fire alarm replacements, HVAC replacements, and wireless internet upgrades. These projects will be funded from existing cash balances.

The proposed budget satisfies bond covenant requirements for debt coverage ratio.

**Background Information:**

Board of Governors' Regulation 9.007 *State University Operating Budgets and Requests Auxiliary Enterprises* provides guidance on budgeting for all auxiliaries. Auxiliary enterprises include those activities that are not instructional in nature but support the operation of the university. The auxiliaries must generate adequate revenue to cover expenses and allow for future renovations and building or equipment replacement, if applicable. The use of certain auxiliary revenues are restricted by either state statute, Board of Governors' regulations, and/or bond covenants. For both Parking and Housing debt the reserve requirements for repair and replacement indicate that a balance totaling 30% of pledged revenues must be maintained. Housing and Parking Services restrictions will become unrestricted upon payoff of all bonded debt.

The attached budget proposals were developed using requests from the individual departments and an analysis of expected revenue and expenditures with a comparison to projected and actual amounts from the prior year. Fiscal year 2022-23 estimates were prepared using updated assumptions and estimates based on information available through December 31, 2022.

**Recommended Action:**

Recommend to approve the fiscal year 2023-24 Budget for Auxiliaries Facilities with Bonded Debt.

**Alternatives to Decision:**

Recommend to modify or change the proposed budgets for fiscal year 2023-24.

**Fiscal Impact and Source of Funding:**

These auxiliary enterprises generate sufficient revenues to cover their own expenses and maintain adequate cash reserves to satisfy bond covenants.

**Authority for Board of Trustees Action:**

Per the Board of Governors amended regulation 9.008 University Auxiliary Facilities with Outstanding Revenue Bonds, the operating budget for these facilities is required to be approved by the university's Board of Trustees prior to its submission to the Board of Governors in February.

---

**Contract Reviewed/Approved by General Counsel** ☐ N/A ☒

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

**Submitted by:**

Gerald Hector, Senior Vice President for Administration and Finance





# Board of Trustees

## Agenda Memo

### **Supporting Documentation:**

Attachment A: 2023-24 Proposed Auxiliary Facilities Operating Budgets - Parking Services

Attachment B: 2023-24 Proposed Auxiliary Facilities Operating Budgets - Housing Operations.

### **Facilitators/Presenters:**

Gerald Hector

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

# Attachment A

## University of Central Florida 2023-24 Proposed Auxiliary Facilities Operating Budget Parking

	2022-23 Estimate	2023-24 Proposed Budget	Increase (Decrease)
<b>Beginning Operating Cash</b>	<b>\$ 26,017,538</b>	<b>\$ 28,364,847</b>	<b>\$ 2,347,309</b>
<b>Operating Revenue</b>			
Student Fees - Transportation	14,501,660	14,799,035	297,375
Decal Sales	4,830,252	4,830,500	248
Meters and Daily Permits	945,985	946,200	215
Fines and Citations	1,044,890	1,045,000	110
Other Revenue	220,658	240,100	19,442
<b>Total Operating Revenue</b>	<b>21,543,446</b>	<b>21,860,835</b>	<b>317,389</b>
<b>Operating Expenditures</b>			
Salaries and Benefits <sup>1</sup>	1,274,837	1,753,822	478,985
Other Personal Services	477,757	485,202	7,445
Repairs and Maintenance <sup>2</sup>	1,345,386	2,184,400	839,014
Utilities	390,639	417,800	27,161
Operating Expense <sup>3</sup>	11,007,242	12,664,500	1,657,258
Auxiliary Overhead <sup>4</sup>	1,734,066	2,072,800	338,734
Operating Capital Outlay <sup>5</sup>	112,065	-	(112,065)
<b>Total Operating Expenditures</b>	<b>16,341,992</b>	<b>19,578,524</b>	<b>3,236,531</b>
<b>Net Increase (Decrease) from Operations</b>	<b>5,201,453</b>	<b>2,282,311</b>	<b>(2,919,142)</b>
<b>Debt Service</b>	<b>2,334,350</b>	<b>2,335,700</b>	<b>(1,350)</b>
<b>Nonoperating Revenue (Expenses)</b>			
Capital Projects <sup>6</sup>	(519,795)	(4,750,000)	4,230,205
Interest and Investment Earnings <sup>7</sup>	1,000,000	1,000,000	-
Interest and Investment Tsfr to Central <sup>7</sup>	(1,000,000)	(1,000,000)	-
HEERF Lost Revenue	-	-	-
Replacement Reserve <sup>8</sup>	-	-	-
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(519,795)</b>	<b>(4,750,000)</b>	<b>4,230,205</b>
<b>Total Ending Net Income (Loss)</b>	<b>2,347,309</b>	<b>(4,803,389)</b>	<b>(7,150,697)</b>
<b>Ending Operating Cash</b>	<b>\$ 28,364,847</b>	<b>\$ 23,561,458</b>	<b>\$ (4,803,389)</b>
<b>Beginning Replacement Reserves</b>	<b>\$ 6,883,307</b>	<b>\$ 6,883,307</b>	<b>\$ -</b>
Plus: Transfers In	-	-	-
Less: Transfers Out	-	-	-
<b>Ending replacement reserves</b>	<b>\$ 6,883,307</b>	<b>\$ 6,883,307</b>	<b>\$ -</b>

<sup>1</sup> The 2023-24 budget includes filling four vacant USPS positions and a Director of Parking Services.

<sup>2</sup> The 2022-23 estimate includes \$1M for lot resurfacing. 2023-24 budget includes \$1.5M for lot resurfacing and \$360K (2.5% of student transportation fee revenue) reserved for funding of roadway repairs/maintenance.

<sup>3</sup> 2023-24 accounts for a rate increase of 4% for shuttle services per contract (\$325K increase), and \$250K for landscaping surrounding parking areas and bus loops. It also includes a \$1M budget reserve for spending authority. The \$1 million budget reserve is consistent with prior years and is less 4% of total expenditures.

<sup>4</sup> 2022-23 auxiliary overhead is based on 9% of 2020-21 revenues, and 2023-24 is based on 9% of 2021-22 revenues.

<sup>5</sup> 2022-23 operating capital outlay includes three enforcement vehicle purchases and license plate recognition (LPR) cameras on enforcement vehicles.

<sup>6</sup> 2022-23 capital projects includes a parking garage restoration. 2023-24 includes a \$500K parking garage restoration, \$750K for static license plate recognition (LPR) cameras at parking garage entrances and security cameras, \$1.5M for a garage elevator project, and \$2M for the design and study of a Lake Nona Campus parking structure.

<sup>7</sup> Investment earnings are transferred back to the university to fund other initiatives.

<sup>8</sup> Funds equal to 30% of gross operating revenue must be maintained in R&R reserves. Currently the projected R&R reserves exceed this requirement and no transfers are anticipated.

# Attachment B

## University of Central Florida 2021-22 Proposed Auxiliary Facilities Operating Budget UCF Owned Housing<sup>1</sup>

	2022-23 Estimate	2023-2024 Proposed Budget	Variance Favorable (Unfavorable)
<b>Beginning Operating Cash</b>	\$ 14,415,812	\$ 14,411,763	\$ (4,049)
<b>Operating Revenue</b>			
Rental Revenue <sup>2</sup>			
Fall	13,083,057	12,757,000	(326,057)
Spring	12,991,794	12,757,000	(234,794)
Summer	1,900,000	2,100,000	200,000
Other Income <sup>3</sup>	1,716,750	1,635,000	(81,750)
<b>Total Operating Revenue</b>	<b>29,691,601</b>	<b>29,249,000</b>	<b>(442,601)</b>
<b>Operating Expenditures</b>			
Salaries and Benefits <sup>4</sup>	7,210,084	7,746,666	536,582
Other Personal Services (OPS) <sup>5</sup>	1,435,768	1,555,210	119,442
Repairs and Maintenance	1,561,579	2,013,926	452,347
Utilities	3,900,000	3,972,467	72,467
Operating Expense	1,909,792	1,976,312	66,520
Auxiliary Overhead	2,645,557	2,779,181	133,624
Operating Capital Outlay	100,000	100,000	-
<b>Total Operating Expenditures</b>	<b>18,762,780</b>	<b>20,143,762</b>	<b>1,380,982</b>
<b>Net Increase (Decrease) from Operations</b>	<b>10,928,821</b>	<b>9,105,238</b>	<b>(1,823,583)</b>
<b>Debt Service<sup>6</sup></b>	<b>6,404,913</b>	<b>6,400,913</b>	<b>(4,000)</b>
<b>Nonoperating Revenue (Expenses)</b>			
Transfers To - SDES and UCFIT	(935,000)	(935,000)	-
Transfers To - Construction <sup>7</sup>	(3,504,000)	(7,067,000)	(3,563,000)
Interest and Investment Earnings <sup>8</sup>	525,000	525,000	-
Interest and Investment Tsfr to Central <sup>8</sup>	(525,000)	(525,000)	-
Replacement Reserve	(88,957)		88,957
<b>Total Nonoperating Revenue (Expenses)</b>	<b>(4,527,957)</b>	<b>(8,002,000)</b>	<b>(3,474,043)</b>
<b>Net Ending Net Income (Loss)</b>	<b>(4,049)</b>	<b>(5,297,675)</b>	<b>(5,293,626)</b>
<b>Ending Operating Cash</b>	<b>\$ 14,411,763</b>	<b>\$ 9,114,088</b>	<b>\$ (5,297,675)</b>
<b>Beginning Replacement Reserves</b>	<b>\$ 8,818,523</b>	<b>\$ 8,907,480</b>	<b>\$ 88,957</b>
Plus: Transfers In	88,957		(88,957)
Less: Transfers Out	-		-
<b>Ending Replacement reserves</b>	<b>\$ 8,907,480</b>	<b>\$ 8,907,480</b>	<b>\$ -</b>

<sup>1</sup> UCF Owned facilities include 4,608 beds in Apollo, Libra, Nike, Hercules, Neptune, and Lake Claire communities, along with 4 Greek homes.

<sup>2</sup> Rental income projections for fiscal year 2023-24 are based on 98% fall and spring occupancy projections.

<sup>3</sup> Other income is projected to remain constant in fiscal year 2023-24.

<sup>4</sup> Salaries and Benefits for fiscal year 2023-24 are projected to increase as some vacancies are filled.

<sup>5</sup> Other Personnel Expenses are estimated to increase due to the Florida minimum wage rate increasing from \$11.00 to \$12.00 per hour (9.00%).

<sup>6</sup> Debt service is scheduled in accordance with the amortization schedule for the existing bonds.

Housing Transfers - Construction Transfers	2022-23 Estimate	2023-24 Proposed Budget
Replacement of fire alarm systems in Nike 106 and 107		980,000
Replacement of fire alarm systems in Osceola Hall	517,000	
Replacement of fire Alarm - Academic Village 104-105	980,000	
Replacement of fire alarm system in Polk Hall		517,000
Replacement of roof - Brevard Hall	230,000	
Replacement of mechanical room doors - Apollo Community	92,000	
Replacement of energy wheel - Sumter Hall	650,000	
Replacement of HVAC units - Nike 101	1,035,000	
Replacement of Orange Hall roof		345,000
Replacement of HVAC in Nike 103		1,250,000
Replacement of energy wheel in Flagler Hall		700,000
Upgrade wireless internet		1,150,000
Exterior painting Nike 101-103		675,000
Renovation of stairwells in Orange Hall		650,000
Fresh air induction in Orange Hall		800,000
<b>Total Construction Transfers</b>	<b>3,504,000</b>	<b>7,067,000</b>

<sup>8</sup> Investment earnings are transferred back to the university to fund other initiatives.

**Board of Trustees  
Budget and Finance Committee | February 23, 2023**

### **DISC-2: Draft University Audited Financial Statements Report**

---

☐ Information

☒ Discussion

☐ Action

**Meeting Date for Upcoming Action:** N/A

#### **Purpose and Issues to be Considered:**

This item is provided to the trustees to discuss the draft financial results of the University for fiscal year 2021-2022.

#### **Background Information:**

In accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the State of Florida Auditor General's office is currently conducting the financial statement audit for the University of Central Florida and its aggregate discretely presented statements, which collectively comprise the University's basic financial statements, as of and for the fiscal year ended June 30, 2022. The audit is expected to be completed and report issued between February – March 2023. The final report will be provided to this committee for review.

Total assets were \$2.3 billion, an increase of \$191.5 million, or 9.3 percent compared to prior year. University current assets decreased \$7.1 million primarily due to decreases in fair market value of investments and net receivables (reduced summer tuition receivables and write-offs of student accounts subsequently reimbursed from the Higher Education Emergency Relief Fund (HEERF)). Capital assets increased \$151.5 million primarily due to increased construction in progress (primarily, John C. Hitt Library and HVAC renovation/replacement projects) and other noncurrent assets increased \$47.1 million primarily related to implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, which required recognition of certain lease assets and liabilities. Deferred outflows of resources decreased by \$57.7 million to a total \$249.5 million due to decreases in deferred outflows related to pension and other post-employment benefits (OPEB) liabilities.

Total liabilities are \$996.5 million, a decrease of \$70.4 million or 6.6 percent. Additionally, deferred inflows of resources increased by \$212.5 million, or 102.0 percent. These changes were primarily related to annual changes in actuarial determined amounts for other postemployment benefits and pensions.

Total net position decreased \$8.4 million to a total \$1.1 billion, including unrestricted net position of negative \$171.6 million. The deficit can be attributed primarily to the full recognition of certain long-term liabilities (specifically, compensated absences payable, OPEB payable and deferrals, and net pension liability and deferrals) in the current unrestricted funds that are expected to be paid over time. Unrestricted net position before recognition of these long-term liabilities and deferred outflows and inflows is positive \$525.3 million or an decrease of \$19.5 million or 3.7%. This decrease was primarily the result of unrealized investment losses.

University operating revenues decreased \$0.8 million to total \$569.4 million. Net student tuition and fees decreased \$33.8 million, or 11.2 percent, primarily due to an enrollment decrease of 2.1 percent driven by a decrease in undergraduate transfer and graduate students. This decrease was primarily offset by increases in auxiliary sales of \$26.1 million, or 31.2 percent, primarily due to continued recovery from the COVID-19 pandemic.

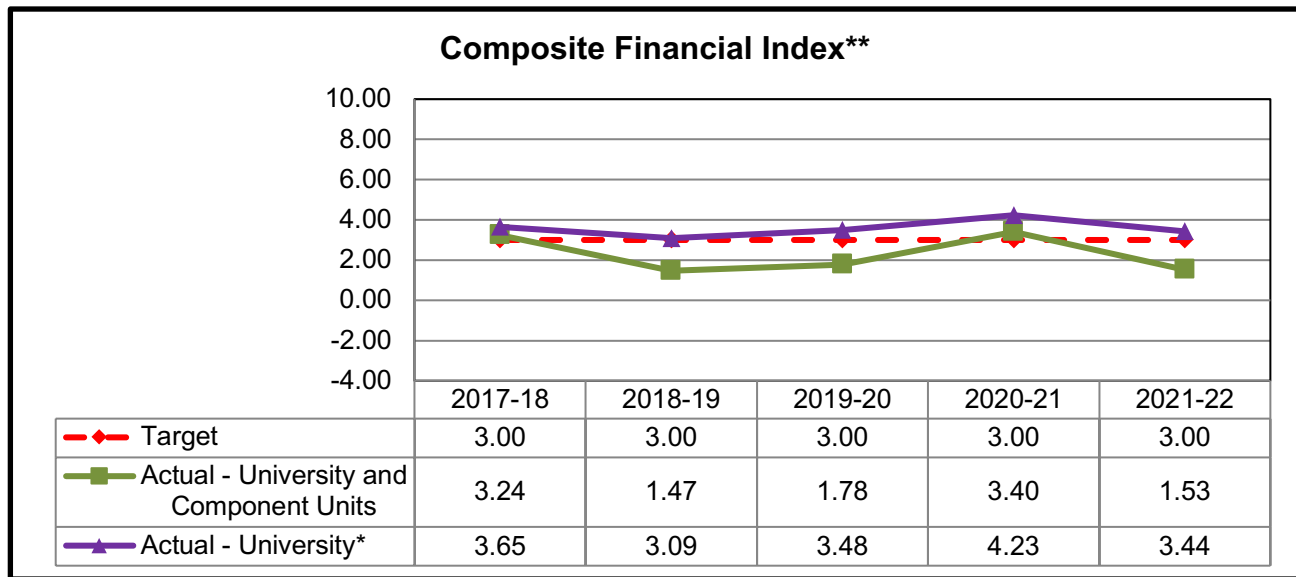
Operating expenses increased \$16.98 million to total \$1.3 billion. Compensation and employee benefits decreased by \$57.6 million, or 7.1 percent, primarily due to a decrease in actuarially determined pension expenses. Services and supplies increased \$22.0 million primarily due to increases in consulting services (\$10.9 million increase primarily related Workday implementation) and travel (\$5.7 million increase primarily due to lifting of travel restrictions). Scholarships, fellowships, and waivers increased \$36.7 million resulting from increased HEERF awards. Additionally, depreciation expenses increased \$13.9 million primarily as a result of recognizing depreciation on new GASB No. 87 lease assets.

Net nonoperating revenues totaled \$748.5 million or an increase \$33.2 million primarily due to an increase in Other Nonoperating Revenues and Federal and State Student Financial Aid. Other nonoperating revenues increased by \$71.9 million primarily due to HEERF Institutional and Minority Serving Institute (MSI) funding. Additionally, the University received an increase in Federal HEERF funding for emergency student financial aid awards of \$49.0 million offset by decreases in Bright Futures of \$10.6 million and PELL grants of \$4.3 million. These increases were offset by a decrease in Investment Income of \$68.2 million primarily due to unrealized losses from changes in fair market valuations of investments since the prior year.

Beginning in fiscal year 2022-23, the University will implement new accounting standards that will affect our reporting of subscription-based information technology arrangements. The new standards will require recognition and full accrual of the value of certain subscription-based IT arrangements value over the life of the subscription period.

The Composite Financial Index (CFI) is an overall financial measurement of an institution's health based on the four core ratios: Primary Reserve Ratio, Net Operating Revenues Ratio, Return on Net Position Ratio, and Viability Ratio. By blending these four key measures of financial health into a single number, a more balanced view of the state of the institution's finances is possible because a weakness in one measure may be offset by the strength of another measure.

The CFI ranges from -4, where *an institution should consider whether financial exigency is appropriate*; to 10, where *an institution can deploy resources to achieve a robust mission*. A score of 3, where *an institution is in position to direct resources to allow transformation*, or higher represents a relatively strong financial position. The short- and long-term target of the university is 3 or higher.



\*Includes Blended Component Units (UCF Finance Corporation and UCF College of Medicine Self-Insurance Program)

\*\*Excludes GASB 68 (Pension) and 75 (OPEB) impacts

### Recommended Action:

For discussion only.

### Alternatives to Decision:

N/A

### Fiscal Impact and Source of Funding:

N/A

### Authority for Board of Trustees Action:

Resolution on Presidential Authority Section (4)(o)

Contract Reviewed/Approved by General Counsel ☐ N/A ☒

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

### Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Danta White, Assistant Vice President for Administrative Affairs and University Controller

### Supporting Documentation:

Attachment A: Draft University Audited Financial Report

### Facilitators/Presenters:

Gerald Hector

Danta White

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

---

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

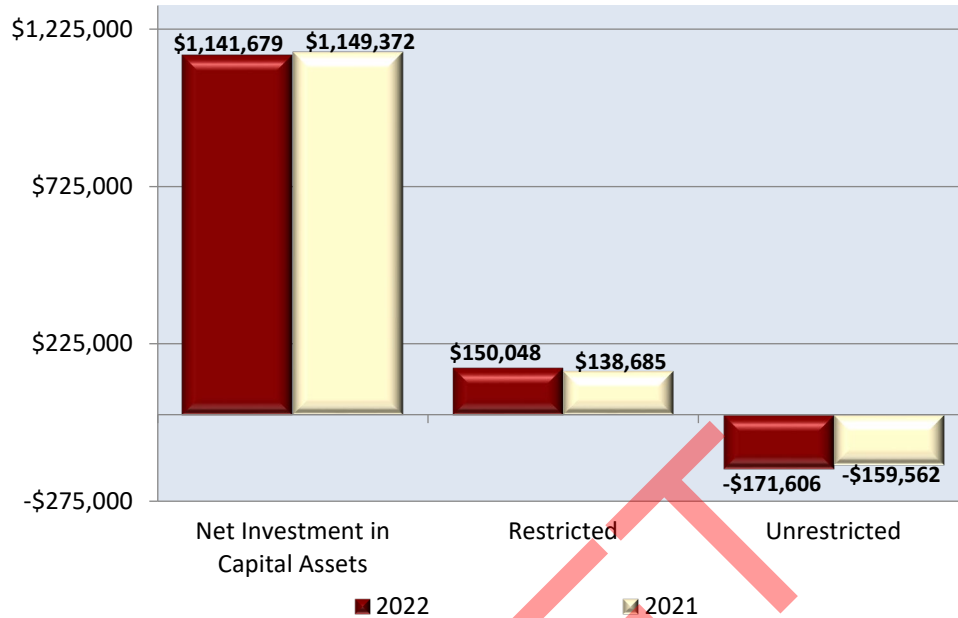
### **FINANCIAL HIGHLIGHTS**

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

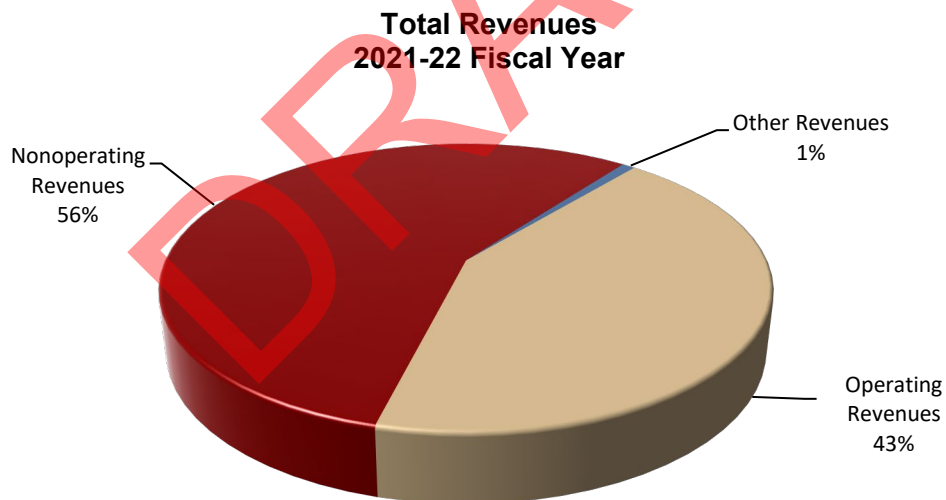
The University's operating revenues totaled \$569.4 million for the 2021-22 fiscal year, representing a 0.1 percent decrease compared to the 2020-21 fiscal year. Operating expenses totaled \$1.3 billion for the 2021-22 fiscal year, representing an increase of 1.3 percent as compared to the 2020-21 fiscal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

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

### Net Position (In Thousands)



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



### OVERVIEW OF FINANCIAL STATEMENTS

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



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

Information regarding these component units, including summaries of the blended and discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component unit(s). For those component units reporting under GASB standards, MD&A information is included in their separately issued audit reports.

### **The Statement of Net Position**

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

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

## Condensed Statement of Net Position at June 30

(In Thousands)

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current Assets	\$ 700,434	\$ 707,508
Capital Assets, Net	1,427,426	1,275,970
Other Noncurrent Assets	<u>128,924</u>	<u>81,796</u>
<b>Total Assets</b>	<u>2,256,784</u>	<u>2,065,274</u>
<b>Deferred Outflows of Resources</b>	<u>249,486</u>	<u>307,212</u>
<b>Liabilities</b>		
Current Liabilities	141,522	135,635
Noncurrent Liabilities	<u>854,951</u>	<u>931,190</u>
<b>Total Liabilities</b>	<u>996,473</u>	<u>1,066,825</u>
<b>Deferred Inflows of Resources</b>	<u>389,677</u>	<u>177,166</u>
<b>Net Position</b>		
Net Investment in Capital Assets	1,141,679	1,149,372
Restricted	150,048	138,685
Unrestricted	<u>(171,606)</u>	<u>(159,562)</u>
<b>Total Net Position</b>	<u><u>\$ 1,120,121</u></u>	<u><u>\$ 1,128,495</u></u>

Total assets as of June 30, 2022, increased \$191.5 million, or 9.3 percent, while deferred outflows of resources decreased by \$57.7 million, or 18.8 percent. Liabilities decreased by \$70.4 million, or 6.6 percent, and deferred inflows of resources increased by \$212.5 million, or 120.0 percent. These changes were primarily related to annual changes in actuarial determined amounts for pension and postemployment benefits along with lease assets and liabilities recognized due to GASB Statement No. 87 implementation.

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

The statement of revenues, expenses, and changes in net position presents the University's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

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

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

(In Thousands)

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

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

**Operating Revenues**

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

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

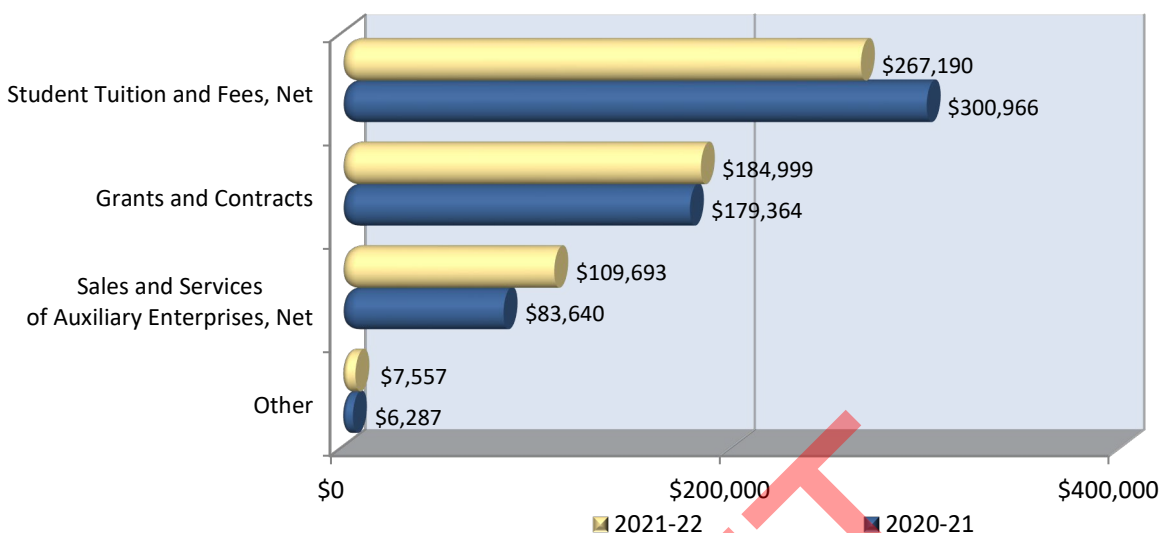
**Operating Revenues  
For the Fiscal Years**

(In Thousands)

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

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

## Operating Revenues (In Thousands)



Total operating revenues remained consistent with the prior year slightly decreasing \$0.8 million, or 0.1 percent. The decrease in net student tuition and fees of \$33.8 million, or 11.2 percent, is primarily due to an enrollment decrease of 2.1 percent driven by a decrease in undergraduate transfer students and a decrease in graduate students. This decrease was primarily offset by an increase in Sales and Services of Auxiliary Enterprises of \$26.1 million, or 31.2 percent, primarily due to continued recovery from the COVID-19 pandemic.

### **Operating Expenses**

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

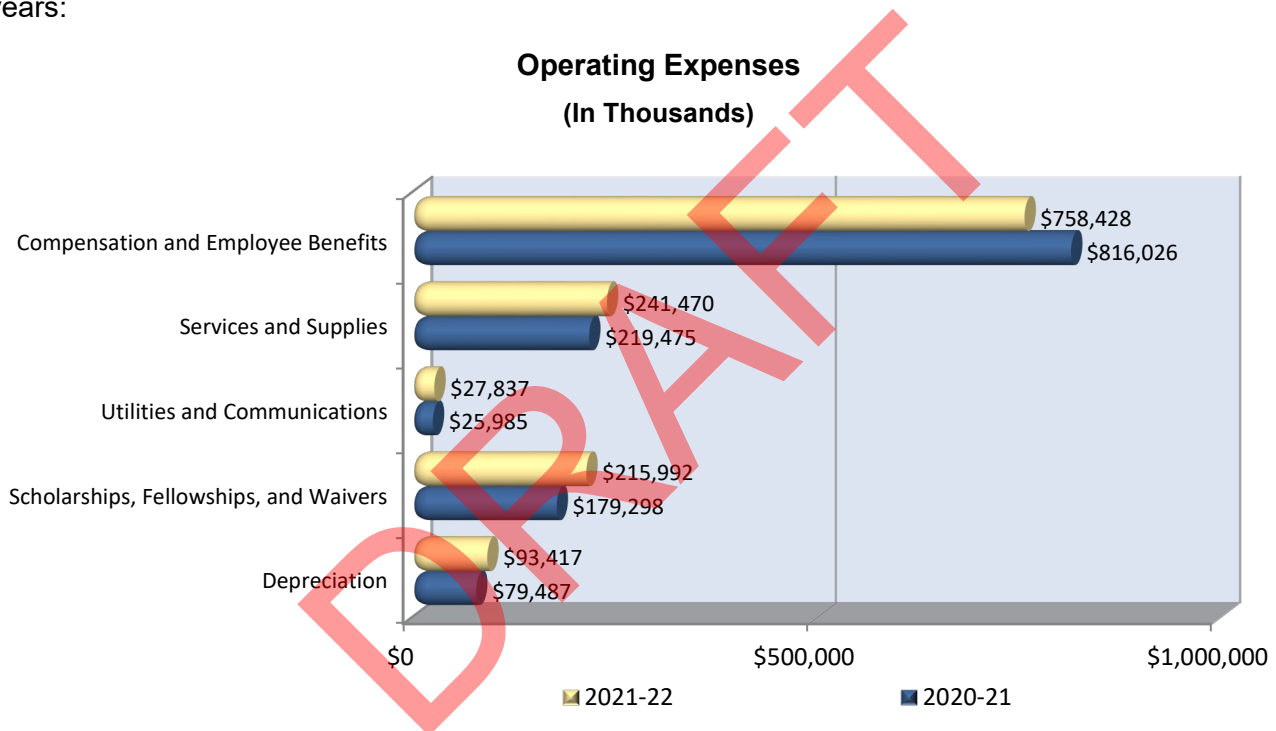
The following summarizes operating expenses by natural classification for the 2021-22 and 2020-21 fiscal years:

## Operating Expenses For the Fiscal Years

(In Thousands)

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

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



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

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

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

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

Net nonoperating revenues increased by \$33.2 million, or 4.7 percent, primarily due to an increase in Other Nonoperating Revenues and Federal and State Student Financial Aid. Other nonoperating revenues increased by \$71.9 million primarily due to HEERF Institutional and Minority Serving Institute (MSI) funding. Additionally, the University received an increase in Federal HEERF funding for emergency student financial aid awards of \$49.0 million offset by decreases in Bright Futures of \$10.6 million and PELL grants of \$4.3 million. These increases were offset a decrease in Investment Income of \$68.2 million primarily due to unrealized losses from changes in fair market valuations of investments since the prior year.

**Other Revenues, Expenses, Gains, or Losses**

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

**Other Revenues, Expenses, Gains, or Losses  
For the Fiscal Years  
(In Thousands)**

	<u>2021-22</u>	<u>2020-21</u>
State Capital Appropriations	\$ 9,302	\$ 10,651
Capital Grants, Contracts, Donations, and Fees	<u>1,512</u>	<u>306</u>
<b>Total</b>	<u><b>\$ 10,814</b></u>	<u><b>\$ 10,957</b></u>

**The Statement of Cash Flows**

The statement of cash flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the University's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the University. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

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

**Condensed Statement of Cash Flows  
For the Fiscal Years**

(In Thousands)

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

Cash and cash equivalents increased \$33.2 million. Cash used by operating activities increased by \$91.5 million, or 15.6 percent, compared to the 2020-21 fiscal year primarily due to an overall increase of payments to student scholarships, suppliers, employee compensation and a decrease of tuition and fee receipts. Cash inflows from noncapital financing activities increased by \$84.7 million, or 12.2 percent, primarily due to an increase in cash received from Federal and State student aid and HEERF funding. Cash used for capital and related financing activities increased by \$13.5 million, or 20 percent, due to lease payments recognized under GASB Statement No. 87. Cash provided by investing activities increased by \$94.8 million, or 115 percent, primarily due to the liquidation of equity investments.

Major sources of funds came from State noncapital appropriations (\$379 million), Federal and State student financial aid (\$337.3 million), net student tuition and fees (\$271.5 million), grants and contracts (\$184.2 million), and sales and services of auxiliary enterprises (\$108.1 million). Major uses of funds were for payments to employees (\$762.8 million), payments to suppliers for good and services (\$272.7 million), and payments to students for scholarships and fellowships totaling (\$216 million).

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

**Capital Assets**

At June 30, 2022, the University had \$2.5 billion in capital assets, less accumulated depreciation of \$1.1 billion, for net capital assets of \$1.4 billion. Depreciation charges for the current fiscal year totaled \$93.4 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

## Capital Assets, Net at June 30

(In Thousands)

	2022	2021
Land	\$ 43,016	\$ 43,016
Construction in Progress	39,904	11,326
Buildings	1,056,371	1,098,923
Infrastructure and Other Improvements	40,646	42,917
Furniture and Equipment	37,090	37,627
Library Resources	31,518	30,534
Leasehold Improvements	8,482	11,180
Lease Assets	170,017	
Works of Art and Historical Treasures	382	447
<b>Capital Assets, Net</b>	<b>\$ 1,427,426</b>	<b>\$ 1,275,970</b>

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

### **Capital Expenses and Commitments**

Major capital expenses through June 30, 2022, are as follows:

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

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

### **Debt Administration**

As of June 30, 2022, the University had \$133.9 million in outstanding capital improvement debt payable, loans payable and leases payable representing an increase of \$159.6 million, or 110 percent, from the prior fiscal year, which is primarily due to the recognition of lease payable due to the implementation of GASB 87. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

## Long-Term Debt at June 30

(In Thousands)

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



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

#### ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, a modest increase in State funding is anticipated in the 2022-23 fiscal year. The University manages this through the continual efficient and strategic use of resources and entrepreneurial efforts by academic, administrative, and auxiliary departments. The budget that the Florida Legislature adopted for the 2022-23 fiscal year included \$276.4 million in base-funding increases for the State University System, of which the University received \$39.9 million. Further, the University's performance funding was reduced by \$.5 million.

In addition to State funding, the University relies on other revenue streams to maintain the open access to, and high quality of, its academic programs. Net tuition and fee revenue decreased 11.2 percent from 2020-21 to 2021-22. The decrease was primarily due to a 5.7% increase in tuition scholarship allowance. Overall, enrollment decreased 2.1 percent with a student count of approximately 70,386. The change was primarily due to a 1,850 headcount decrease in transfer students and a 143 headcount decrease in graduate students. The University continues to invest in recruitment, retention, and academic advising initiatives to manage enrollment and support students' success.

#### REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Danta White, CPA, Assistant Vice President and University Controller, University of Central Florida, 12424 Research Parkway, Suite 300, Orlando, Florida 32826-3249.

# BASIC FINANCIAL STATEMENTS

## UNIVERSITY OF CENTRAL FLORIDA A Component Unit of the State of Florida Statement of Net Position

June 30, 2022

	University	Component Units
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 42,932,600	\$ 69,516,892
Restricted Cash and Cash Equivalents	3,394,135	-
Investments	543,547,584	-
Accounts Receivable, Net	64,566,825	18,807,333
Loans, Leases, and Notes Receivable, Net	2,727,128	13,150,707
Due from State	27,250,050	-
Due from Component Units	2,086,628	178,305
Due from University	-	45,975,440
Inventories	4,918,174	93,954
Other Current Assets	9,011,368	4,260,248
<b>Total Current Assets</b>	<b>700,434,492</b>	<b>151,982,879</b>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	10,855,254	5,549,067
Restricted Investments	50,945,282	299,921,980
Loans, Leases, and Notes Receivable, Net	56,321,265	186,033,817
Depreciable Capital Assets, Net	1,344,286,479	176,743,327
Nondepreciable Capital Assets	83,138,876	64,841,331
Due from Component Units	4,531,020	-
Other Noncurrent Assets	6,271,334	-
Prepaid charges and other Assets	-	337,221
<b>Total Noncurrent Assets</b>	<b>1,556,349,510</b>	<b>733,426,743</b>
<b>Total Assets</b>	<b>2,256,784,002</b>	<b>885,409,622</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	153,244,516	-
Pensions	86,028,604	-
Deferred Amount on Debt Refundings	10,213,367	3,946,560
<b>Total Deferred Outflows of Resources</b>	<b>249,486,487</b>	<b>3,946,560</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	17,205,642	7,277,713
Construction Contracts Payable	8,114,736	-
Salary and Wages Payable	16,636,724	-
Retirement Plan(s) Payable	-	-
Deposits Payable	6,943,744	-
Due to Component Units	36,050,297	935,800
Due to University	-	1,376,618
Unearned Revenue	19,678,955	24,800,541
Other Current Liabilities	1,409,542	1,635,075
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	5,835,000	-
Bonds Payable	-	10,489,000
Loans and Notes Payable	2,750,000	10,355,158
Lease Payable	3,059,890	222,926
Lease Payable -Component Units	10,421,930	3,641,484
Compensated Absences Payable	5,891,268	177,778
Other Postemployment Benefits Payable	7,182,994	-
Net Pension Liability	340,913	-
<b>Total Current Liabilities</b>	<b>141,521,635</b>	<b>60,912,093</b>

	University	Component Units
<b>LIABILITIES (Continued)</b>		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	75,102,120	-
Bonds Payable	-	177,761,982
Loans and Notes Payable	50,247,000	76,548,000
Leases Payable	33,702,039	4,127,505
Leases Payable - Component Units	123,749,264	69,552,142
Compensated Absences Payable	57,049,117	601,968
Other Postemployment Benefits Payable	403,363,766	-
Net Pension Liability	109,776,875	-
Unearned Revenue	-	26,356
Due to University		4,531,020
Other Noncurrent Liabilities	1,961,227	10,733,260
<b>Total Noncurrent Liabilities</b>	<b>854,951,408</b>	<b>404,794,326</b>
<b>Total Liabilities</b>	<b>996,473,043</b>	<b>450,062,165</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	156,221,084	-
Pensions	176,804,832	-
Deferred Inflows Leases	56,650,693	183,364,634
<b>Total Deferred Inflows of Resources</b>	<b>389,676,609</b>	<b>183,364,634</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,141,678,510	89,239,265
Restricted for Nonexpendable:		
Endowment	-	150,905,487
Restricted for Expendable:		
Debt Service	9,102	-
Loans	3,147,420	-
Capital Projects	79,679,006	7,363,446
Other	67,212,918	130,509,348
Unrestricted	(171,606,119)	(76,820,325)
<b>TOTAL NET POSITION</b>	<b>\$ 1,120,120,837</b>	<b>\$ 301,197,221</b>

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

**UNIVERSITY OF CENTRAL FLORIDA**  
**A Component Unit of the State of Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2022**

	<u>University</u>	<u>Component Units</u>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$250,973,316 (Pledged for Capital Improvement Debt: \$14,719,794 for Parking)	\$ 267,189,719	\$ 23,224,971
Federal Grants and Contracts	134,409,573	-
State and Local Grants and Contracts	16,488,501	-
Nongovernmental Grants and Contracts	34,101,362	-
Sales and Services of Auxiliary Enterprises (Net) (Pledged for Capital Improvement Debt: \$28,6463,060 Pledged for Housing and \$6,074,727for Parking)	109,692,650	-
Gifts and Donations	-	75,405,171
Interest on Loans and Notes Receivable	285,443	-
Other Operating Revenues (Pledged for Capital Improvement Debt: \$580,840for Housing and \$788,912 for Parking)	7,271,277	63,786,685
<b>Total Operating Revenues</b>	<b>569,438,525</b>	<b>162,416,827</b>
<b>EXPENSES</b>		
Operating Expenses:		
Compensation and Employee Benefits	758,427,829	24,090,913
Services and Supplies	241,470,759	135,622,029
Utilities and Communications	27,837,177	-
Scholarships, Fellowships, and Waivers	215,991,818	-
Depreciation	93,416,450	8,811,054
<b>Total Operating Expenses</b>	<b>1,337,144,033</b>	<b>168,523,996</b>
<b>Operating Income (Loss)</b>	<b>(767,705,508)</b>	<b>(6,107,169)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Noncapital Appropriations	378,654,412	-
Federal and State Student Financial Aid	337,372,177	-
Investment Loss	(35,814,871)	430,951
Other Nonoperating Revenues	121,222,856	31,225,834
Loss on Disposal of Capital Assets	(808,677)	-
Interest on Capital Asset-Related Debt	(5,919,564)	(7,543,007)
Other Nonoperating Expenses	(46,225,602)	(826,014)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>748,480,731</b>	<b>23,287,764</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>	<b>(19,224,777)</b>	<b>17,180,595</b>
State Capital Appropriations	9,302,309	-
Capital Grants, Contracts, Donations, and Fees	1,511,936	(15,986,858)
Additions to Permanent Endowments	-	8,421,166
<b>Increase (Decrease) in Net Position</b>	<b>(8,410,532)</b>	<b>9,614,903</b>
Net Position, Beginning of Year	1,128,495,379	289,705,297
Adjustment to Beginning Net Position	35,990	1,877,022
<b>Net Position, Beginning of Year, as Restated</b>	<b>1,128,531,369</b>	<b>291,582,319</b>
<b>Net Position, End of Year</b>	<b>\$ 1,120,120,837</b>	<b>\$ 301,197,222</b>

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

**UNIVERSITY OF CENTRAL FLORIDA**  
**A Component Unit of the State of Florida**  
**Statement of Cash Flows**

**For the Fiscal Year Ended June 30, 2022**

	<u>University</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student Tuition and Fees, Net	\$ 271,517,939
Grants and Contracts	184,240,015
Sales and Services of Auxiliary Enterprises, Net	104,001,581
Interest on Loans and Notes Receivable	287,269
Payments to Employees	(762,788,326)
Payments to Suppliers for Goods and Services	(268,660,291)
Payments to Students for Scholarships and Fellowships	(215,991,818)
Net Loan issued to Students	(550,598)
Other Operating Receipts	8,259,012
<b>Net Cash Used by Operating Activities</b>	<u>(679,685,217)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Noncapital Appropriations	378,654,412
Federal and State Student Financial Aid	337,372,176
Federal Direct Loan Program Receipts	184,661,382
Federal Direct Loan Program Disbursements	(184,661,382)
Net Change in Funds Held for Others	8,934,346
Other Nonoperating Receipts	51,760,097
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>776,721,031</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
State Capital Appropriations	8,058,843
Capital Grants, Contracts, Donations and Fees	1,460,000
Other Receipts for Capital Projects	3,863,141
Purchase or Construction of Capital Assets	(59,317,045)
Principal Paid on Capital Debt and Leases	(24,688,808)
Interest Paid on Capital Debt and Leases	(6,163,159)
Interest Received on Capital Debt and Lease	209,973
<b>Net Cash used by Capital and Related Financing Activities</b>	<u>(76,577,055)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales and Maturities of Investments	1,178,468,417
Purchases of Investments	(1,182,886,640)
Investment Income	17,154,161
<b>Net Cash Provided by Investing Activities</b>	<u>12,735,938</u>
<b>Net Increase in Cash and Cash Equivalents</b>	33,194,697
Cash and Cash Equivalents, Beginning of Year	<u>23,987,293</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 57,181,990</u>

	<u>University</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (767,705,507)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	93,416,450
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	7,960,469
Inventories	(2,235,252)
Other Assets	(1,845,312)
Accounts Payable	4,552,169
Salaries and Wages Payable	3,131,103
Deposits Payable	214,854
Compensated Absences Payable	(1,632,502)
Unearned Revenue	(9,309,161)
Other Liabilities	(373,430)
Other Postemployment Benefits Payable	19,034,675
Net Pension Liability	(237,798,233)
Deferred Outflows of Resources Related to Other Postemployment Benefits	14,840,699
Deferred Inflows of Resources Related to Other Postemployment Benefits	(15,740,347)
Deferred Outflows of Resources Related to Pensions	42,203,737
Deferred Inflows of Resources Related to Pensions	171,600,371
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (679,685,217)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES</b>	
Unrealized loss on investments were recognized as a decrease to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (53,171,097)
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (808,677)

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

# NOTES TO FINANCIAL STATEMENTS

---

## 1. Summary of Significant Accounting Policies

**Reporting Entity.** The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of 5 years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors' Regulations, and selecting the University President. The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activities are reported in the State's Annual Comprehensive Financial Report by discrete presentation.

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

**Discretely Presented Component Units.** Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) and the Central Florida Clinical Practice Organizations, Inc. (an affiliated organization), are included within the University reporting entity as discretely presented component units. These legally separate, not-for-profit, corporations are organized and operated to assist the University in achieving excellence by providing supplemental resources from private gifts and bequests and valuable education support services and are governed by separate boards.

Florida Statutes authorize these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

- University of Central Florida Foundation, Inc. is a not-for-profit Florida Corporation whose principal function is to provide charitable and educational aid to the University.
- University of Central Florida Research Foundation, Inc. was organized to promote and encourage, as well as assist in, the research activities of the University's faculty, staff, and students.
- UCF Athletics Association, Inc. was organized to promote intercollegiate athletics to benefit the University and surrounding communities.
- UCF Convocation Corporation was created to finance and construct a convocation center, and to manage the Towers student housing and its related retail space on the north side of campus.
- UCF Stadium Corporation was created to finance, build, and administer an on-campus football stadium.
- Central Florida Clinical Practice Organization, Inc. is an affiliated organization component unit of the University and was formed for the purpose of supporting the medical education program and clinical faculty within the College of Medicine.
- UCF Academic Health, Inc. is a not-for-profit Florida Corporation whose purpose is to promote and support medical education, research, and patient care through the planning and development of clinical initiatives and affiliated partnerships that serve the education, research and clinical mission and objectives of the College of Medicine.
- Limbitless Solutions, Inc. is a not-for-profit Florida Corporation whose purpose is to develop affordable open source 3D printed bionic solutions for individuals with disabilities, increase accessibility with art infused bionics, and to promote access and engagement in STEM/STEAM education. Financial activities of this component unit are not included in the University's financial statements as the total assets related to this component unit represent less than one percent of the total aggregate component units' assets.

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

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



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

**Measurement Focus and Basis of Accounting.** Basis of accounting refers to when revenues, expenses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The University's discretely presented component units use the economic resources measurement focus and the accrual basis of accounting, and follows GASB standards of accounting and financial reporting.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been eliminated from revenues and expenses for reporting purposes.

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third-party making payment on behalf of the student. The University applied the "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating

the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

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

**Cash and Cash Equivalents.** Cash and cash equivalents consist of cash on hand and cash in demand accounts, money market funds, and investments with original maturities of three months or less. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by 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 \$14,276,716 in money market funds and short-term investments. The money market funds and investments are permissible under the current investment policy; the primary portion of these investments are held in Rule 2a-7 mutual funds and securities rated AAA (or its equivalent) by a nationally recognized statistical rating organization. The Corporation, a blended component unit, holds \$3,394,135 in money market funds. The money market funds are uninsured, but collateralized by securities held by the financial institutions, not in the name of the Corporation. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

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

Component Unit	Cash in Bank	Money Market Funds	Total
University of Central Florida Foundation, Inc.	\$ 13,513,273	\$ 4,963,097	\$ 18,476,370
University of Central Florida Research Foundation, Inc.	416,088		416,088
UCF Athletics Association, Inc.	26,474,819	137,259	26,612,078
UCF Convocation Corporation	3,589,856	16,150,209	19,740,065
UCF Stadium Corporation		39,595	39,595
UCF Academic Health, Inc.	616,827		616,827
Central Florida Clinical Practice Organization, Inc.	8,921,057		8,921,057
<b>Total Component Units</b>	<b>\$ 53,531,920</b>	<b>\$ 21,290,160</b>	<b>\$ 74,822,080</b>

The University holds certain cash balances for various discretely presented component units. Cash amounts held for University of Central Florida Research Foundation, Inc., UCF Convocation Corporation, and UCF Stadium Corporation were \$26,073,741, \$5,528,782, and \$3,447,465, respectively.

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

- **University of Central Florida Foundation, Inc.** – Cash deposits consist of non-interest-bearing demand deposits, money market, and cash deposits. At June 30, 2022, approximately \$13,013,272 in cash deposits were not insured by Federal deposit insurance and were not collateralized.
- **UCF Athletics Association, Inc.** – The Association does not have a deposit policy for custodial credit risk, although all demand deposits with banks are insured up to the FDIC limits. As of June 30, 2022, no part of the Association's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.
- **UCF Convocation Corporation** – At June 30, 2022, the Convocation Corporation held \$16,150,209 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation's name. Additionally, at June 30, 2022, the Convocation Corporation held \$3,589,856 in cash deposits at a financial banking institution. These funds are collateralized with securities held by the pledging financial institution, but not in the depositor's name.
- **UCF Stadium Corporation** – At June 30, 2022, the Stadium Corporation held \$35,595 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation's name.
- **Central Florida Clinical Practice Organization, Inc.** – At June 30, 2022, The Central Florida Clinical Practice Organization, Inc. had deposits in banking institutions. A portion of the deposits, totaling \$8,689,742, was in excess of the Federal deposit insurance limit as of June 30, 2022.
- **UCF Academic Health, Inc.** – At June 30, 2022, UCF Academic Health, Inc. had deposits in a banking institution. A portion of the deposits, totaling \$366,846, was in excess of the Federal deposit insurance limit as of June 30, 2022.

**Capital Assets.** University capital assets consist of land, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, leasehold improvements, works of art and historical treasures, computer software, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$4 million for intangible assets, which includes computer software, \$5,000 for tangible personal property, and \$250 for library resources. New buildings and improvements have a \$100,000 capitalization threshold. Leased assets have a materiality threshold of \$5,000 for equipment and \$100,000 for space based on the initial calculated net present value. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 5 to 10 years

- Library Resources – 10 years
- Leasehold Improvements – the lesser of the remaining lease term, or the estimated useful life of the improvement
- Lease Assets – the lesser of the lease term or the useful life of the underlying asset
- Works of Art and Historical Treasures – 5 to 15 years
- Computer Software – 5 to 10 years

## **Leases**

The University determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and liabilities in the statement of net position. Lease assets represent the University's control of the right to use an underlying asset for the lease term, as specified in the contract. In exchange or exchange-like transactions, lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized systematically and rationally over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities represent the University's obligation to make lease payments from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less applicable lease incentives. Interest expense is recognized over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option.

Lessor arrangements are included in lease receivables and deferred inflows of resources in the statement of net position. Lease receivables represent the University's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at the commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized over the contract term. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue systematically and rationally over the lease term.

Leases with a lease term of 12 months or less, or under the materiality threshold are not included as lease liabilities, right-to-use leased assets, lease receivable or deferred inflows of resources on the statement of net position. Instead, the University recognizes these lease payments as outflows or inflows of resources respectively

**Noncurrent Liabilities**. Noncurrent liabilities include capital improvement debt payable, loans and notes payable, lease payable, compensated absences payable, other postemployment benefits payable, net pension liabilities, and other noncurrent liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premium or discount. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.

**Pensions.** For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and HIS fiduciary net positions have been determined on the same basis as they are reported by the FRS and the HIS plans. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

## 2. Reporting Change

**Governmental Accounting Standards Board Statement No. 87.** The University implemented GASB Statement No. 87, Leases. The statement addresses accounting and financial reporting for leases by universities. This statement requires the University to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the contract's payment provisions. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use the leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the University's leasing activities.

## 3. Adjustment to Beginning Net Position

The beginning net position of the University was increased by \$35,990 due to the implementation of GASB Statement No. 87, which resulted in adjusting the beginning net capital lease assets balance in excess of the associated lease liabilities.

## 4. Deficit Net Position in Individual Funds

The University reported an unrestricted net position which included a deficit in the current funds – unrestricted as shown below:

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (330,046,833)
Auxiliary Funds	158,440,714
<b>Total</b>	<b>\$ (171,606,119)</b>

As shown below, this deficit can be attributed primarily to the full recognition of certain long-term liabilities (i.e., compensated absences payable, OPEB payable, and net pension liabilities) in the current

unrestricted funds that are expected to be paid over time.

**Amount**

Total Unrestricted Net Position Before Recognition of Certain Long-Term Liabilities, Deferred Outflows and Deferred Inflows of Resources	<u>\$ 505,751,610</u>
Amount Expected to be Paid in Future Years:	
Compensated Absences Payable	62,940,385
Other Postemployment Benefits Payable and Related Deferred Outflows and Deferred Inflows of Resources	413,523,328
Net Pension Liability and Related Deferred Outflows and Deferred Inflows of Resources	<u>200,894,016</u>
Total Amount Expected to be Paid in Future Years	<u>677,357,729</u>
<b>Total Unrestricted Net Position</b>	<u><u>\$ (171,606,119)</u></u>

## 5. Investments

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

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

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

All of the University's recurring fair value measurements as of June 30, 2022, are valued using quoted market prices (Level 1 inputs), with the exception of corporate, municipal and other bonds, certain Federal agency obligations and certificates of deposit which are valued using a matrix pricing model which may consider quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices that are observable (Level 2 inputs) and investments with the State Treasury which are valued based on the University's share of the pool (Level 3 inputs).



The University's investments at June 30, 2022, are reported as follows:

Investments by fair value level	Amount	Identical Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 272,718,483	\$ -	\$ -	\$ 272,718,483
SBA Debt Service Accounts	4,334	4,334	-	-
Obligations of United States Government				
Agencies and Instrumentalities	55,387,515	55,387,515	-	-
Federal Agency Obligations	36,531,675	-	36,531,675	-
Bonds and Notes	114,088,099	-	114,088,099	-
Mutual Funds				
Equities	93,622,040	93,622,040	-	-
Bonds	22,140,720	22,140,720	-	-
Total investments by fair value level	\$ 594,492,866	\$ 171,154,609	\$ 150,619,774	\$ 272,718,483

Investments held by the University's component units at June 30, 2022, are reported as follows:

Investments by fair value level	University of Central Florida Foundation Inc.	University of Central Florida Research Foundation Inc.	University of Central Florida Academic Health, Inc.	Total	Fair Value Measurements Using		
					Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity - Domestic	\$ 12,279,130	\$ 110,607	\$ -	\$ 12,389,737	\$ 12,279,130	\$ 110,607	\$ -
Equity - International	118,996	-	-	118,996	118,996	-	-
Domestic - Fixed Income	3,745,502	-	-	3,745,502	3,745,502	-	-
Real Assets	5,527,000	-	-	5,527,000	-	-	5,527,000
Total investments by fair value level	21,670,628	110,607	-	21,781,235	\$ 16,143,628	\$ 110,607	\$ 5,527,000
Investments measured at the net asset value (NAV)							
Equity - Domestic	59,602,482	-	-	59,602,482			
Equity - International	54,648,964	-	-	54,648,964			
Domestic - Fixed Income	79,357,647	-	-	79,357,647			
International Fixed Income	11,682,487	-	-	11,682,487			
Private Equity Funds	27,270,957	-	-	27,270,957			
Private Debt Funds	11,582,849	-	-	11,582,849			
Hedge Funds:							
Credit	4,290,797	-	-	4,290,797			
Event Driven	7,700,317	-	-	7,700,317			
Global Macro	3,776,375	-	-	3,776,375			
Equity Linked	2,650,791	-	-	2,650,791			
Real Assets	2,235,112	-	-	2,235,112			
Total investments measured at the NAV	264,798,778	-	-	264,798,778			
Investments measured using the equity method	-	-	13,341,967	13,341,967			
Total investments	\$ 286,469,406	\$ 110,607	\$ 13,341,967	\$ 299,921,980			

All of the University's component units' recurring fair value measurements as of June 30, 2022, are valued using quoted market prices (Level 1 inputs), with the exception of equity investments valued quarterly by respective fund managers (Level 2 inputs) and real assets valued based on an appraisal utilizing recent sale and property comparisons of like assets (Level 3 inputs).

For the University's component units, the valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table

Investments measured at the NAV	University of Central Florida Foundation, Inc	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity- Domestic	\$ 59,602,482	\$ -	Immediate	
Fixed Income- Domestic	79,357,647	-	Immediate	
Equity- International	20,584,735	-	Monthly	30 Days
Equity- International	34,064,229	-	Daily	Immediate
International Fixed Income	7,497,277	-	Monthly	30 Days
International Fixed Income	4,185,210	-	Daily	Immediate
Private Equity Funds	27,270,957	12,317,549		
Private Debt Funds	11,582,849	1,015,998		
Hedge Funds:				
Credit	4,290,797	-	Quarterly	90 Days
Event driven	6,908,020	-	Monthly	30 Days
Event driven	792,297	-	Quarterly	90 Days
Global macro	3,776,375	-	Monthly	30 Days
Equity linked	2,650,791	-	Quarterly	60 Days
Real Assets	2,235,112	2,846,598		
<b>Total investments measured at the NAV</b>	<b>\$ 264,798,778</b>	<b>\$ 16,180,145</b>		

### **Net Asset Value.**

GASB Statement No. 72, *Fair Value Measurement and Application*, permits the fair value of certain equity and debt investments that do not have readily determinable fair values to be based on their net asset value (NAV) per share. The investments held at net asset value reflect:

*Domestic Equity and International Equity:* These funds are operated by money managers and can be actively managed or passively managed to an index. These funds are privately placed and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair values of both funds are provided by the money managers which use a quoted price in active markets for the underlying assets.

*Domestic Fixed Income:* The fund is operated by a money manager and is passively managed to an index. The fund is privately placed, and its fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of the fund is provided by the money manager which uses a quoted price in the active markets for the underlying assets.

*International Fixed Income:* The fund is operated by a money manager that is actively managed. The fund utilizes a focus on credit driven strategies for the underlying investments and can contain both domestic and international investments in the portfolio. The fund is privately placed and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of the fund is provided by the money manager which uses a quoted price in active markets for the underlying assets.

*Private Equity and Private Debt Funds:* Private equity and private debt includes distinct limited partnerships or limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets or notes of the fund. Private equity and private debt are not traded on a public, primary exchange. Private equity can include equity rights to private companies, capital lent to companies, or other privately held securities. Private equity commitments are not drawn immediately,



therefore the capital deployed at any one time is likely less than the total contractual commitment. Private debt funds aim to take advantage of structural imbalances between demand and supply of credit for consumers, small and medium enterprises, and trade finance consisting of private notes and bonds with equity components. In this portfolio, private equity capital and private debt are invested with general partners of a legally formed limited partnership, whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

**Credit Hedge Funds:** The credit class of hedge funds seeks to profit from the mispricing of related debt securities. Returns are not generally dependent on the general direction of market movements. This strategy utilizes quantitative and qualitative analysis to identify securities or spreads between securities that deviate from their fair value and/or historical norms. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

**Event Driven Hedge Funds:** The event driven hedge funds class includes investments in hedge funds that invest across the capital structure in equity and debt securities. Managers invest in situations with the expectation that a near term event will act as a catalyst changing the market's perception of a company, thereby increasing or decreasing the value of its equity or debt. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

**Global Macro Hedge Funds:** The global macro hedge fund class includes hedge funds that trade highly liquid instruments, long and short, including currencies, commodities, fixed income instruments and equity indices. Two types of strategies are employed in this portfolio: discretionary strategies that employ broad analysis of economic, financial and political data to identify themes, and systematic strategies that use algorithmic models to analyze historical data, both technical and fundamental. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

**Equity Linked Hedge Funds:** The equity linked class of hedge funds includes investments in debt instruments and options on equities. The equities options provide investors with principal protection while providing exposure to equities. Returns are dependent on performance of the equities options. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

**Real Assets:** Real assets include three investment vehicles consisting of distinct limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. Real assets consist of capital not traded on a public, primary exchange. For purposes of this portfolio, real assets include private holdings in domestic and international real estate. Real asset commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. In this portfolio, real assets capital is invested with general partners of a legally formed limited partnership, whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

### **External Investment Pools.**

The University reported investments at fair value totaling \$272,718,483 at June 30, 2022, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.66 years, and fair value factor of 0.9479 at June 30, 2022. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

### **State Board of Administration Debt Service Accounts.**

The University reported investments totaling \$4,334 at June 30, 2022, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

### **Other Investments.**

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

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(16), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due. Investments of the University and its component units in debt securities, bond mutual funds, and debt related hedge funds, and their future maturities at June 30, 2022, are as follows:

## University Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years)		
		Less Than 1	1 - 5	More Than 5
United States Government and Federally-Guaranteed Obligations	\$ 55,387,515	\$ 12,105,321	\$ 41,160,721	\$ 2,121,473
Federal Agency Obligations	36,531,676	384,199	15,619,148	20,528,329
Bonds and Notes	114,088,098	9,723,252	67,732,320	36,632,526
Mutual Funds - Bonds	22,140,720	86,934	10,619,462	11,434,324
<b>Total</b>	<b>\$ 228,148,009</b>	<b>\$ 22,299,706</b>	<b>\$ 135,131,651</b>	<b>\$ 70,716,652</b>

## Component Units' Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years)			Investments Not Directly Subject To Interest Rate Risk (1)
		Less Than 1	1 - 5	More Than 5	
Domestic Fixed Income	\$ 83,103,148	\$ -	\$ 3,287,169	\$ 458,332	\$ 79,357,647
International Fixed Income	11,682,487	-	-	-	11,682,487
Private Debt	11,582,849	-	-	-	11,582,849
Hedge Funds	4,290,797	-	-	-	4,290,797
<b>Total</b>	<b>\$ 110,659,281</b>	<b>\$ -</b>	<b>\$ 3,287,169</b>	<b>\$ 458,332</b>	<b>\$ 106,913,780</b>

- (1) Certain UCF Foundation alternative investments are held in funds and are not directly subject to credit risk. Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The investments listed above with quality ratings reflect the credit risk related to debt-type securities that are directly held by the Foundation.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States government or obligations explicitly guaranteed by the United States government are not considered to have credit risk and do not require disclosure of credit quality. The University's investment policy limits fixed income exposure to investment grade assets and provides credit quality guidelines applicable to the investment objective. The University's component units' investment policies provide information on asset classes, target allocations, and ranges of acceptable investment categories. The following schedule represents the ratings at June 30, 2022, of the University's and its component units' debt instruments using Moody's and Standard & Poor's nationally recognized rating agencies:

Investment Type	Fair Value	AAA	AA	A	Less Than A
Federal Agency Obligations	\$ 36,531,675	\$ 28,686,392	\$ 7,845,283	\$ -	\$ -
Bonds and Notes	114,088,099	39,675,983	16,867,877	51,888,368	5,655,871
Mutual Funds - Bonds	22,140,720	-	7,557,160	14,583,560	-
<b>Total</b>	<b>\$ 172,760,494</b>	<b>\$ 68,362,375</b>	<b>\$ 32,270,320</b>	<b>\$ 66,471,928</b>	<b>\$ 5,655,871</b>

#### Component Units' Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A	Investments Not Directly Subject To Credit Risk (1)
Domestic Fixed Income	\$ 83,103,148	\$ 221,647	\$ 334,123	\$ 3,189,731	\$ -	\$ 79,357,647
International Fixed Income	11,682,487					11,682,487
Private Debt	11,582,849					11,582,849
Hedge Funds	4,290,797					4,290,797
<b>Total</b>	<b>\$ 110,659,281</b>	<b>\$ 221,647</b>	<b>\$ 334,123</b>	<b>\$ 3,189,731</b>	<b>\$ -</b>	<b>\$ 106,913,780</b>

- (1) Certain UCF Foundation alternative investments are held in funds and are not directly subject to credit risk. Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The investments listed above with quality ratings reflect the credit risk related to debt-type securities that are directly held by the Foundation.

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

## 6. Receivables

**Accounts Receivable.** Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2022, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Contracts and Grants	\$ 33,380,281
Student Tuition and Fees	23,484,073
Other	<u>7,702,471</u>
<b>Total Accounts Receivable</b>	<b><u>\$ 64,566,825</u></b>

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

### **Lease Receivable**

The university leases space to external parties and the University's discretely presented component units for various terms under long-term non-cancelable lease agreements. The leases expire at various dates and provide renewal options ranging from 5 months to 20 years. During the year ended June 30, 2022, lease revenue totaling \$2,654,054 and interest revenue of \$209,973 were recognized in accordance with GASB Statement No. 87, Leases. Total future minimum lease payments to be received under lessor agreements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Non-Component Units</u>		<u>Component Units</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,409,881	\$ 654,219	\$ 255,662	\$ 1,500,000	
2024	2,569,236.10	321,164	248,072	2,000,000	
2025	2,571,816.54	329,495	242,322	2,000,000	
2026	2,574,474.39	338,076	236,398	2,000,000	
2027	2,452,463.29	221,749	230,714	2,000,000	
2028-2032	11,716,716.67	616,752	1,099,964	10,000,000	
2033-2037	11,672,217.44	661,593	1,010,625	10,000,000	
Thereafter	27,568,194.26	5,963,829	3,604,365	18,000,000	
<b>Total payment to be received</b>	<b><u>\$ 63,534,999</u></b>	<b><u>\$9,106,877</u></b>	<b><u>\$6,928,122</u></b>	<b><u>\$47,500,000</u></b>	<b><u>-</u></b>

**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 \$2,113,627 and \$263,949, respectively, at June 30, 2022.

No allowance has been accrued for contracts and grants receivable. University management considers these to be fully collectible.

## **7. Due From State**

The amount due from State primarily consists of \$27,250,050 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations due from the State to the University for construction of University facilities.

## 8. Capital Assets

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

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 43,016,240	\$ -	\$ -	\$ 43,016,240
Works of Art and Historical Treasures	218,000	-	-	218,000
Construction in Progress	11,326,346	35,910,687	7,332,397	39,904,636
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 54,560,586</b>	<b>\$ 35,910,687</b>	<b>\$ 7,332,397</b>	<b>\$ 83,138,876</b>
Depreciable Capital Assets:				
Buildings	\$ 1,723,748,927	\$ 10,508,700	\$ -	\$ 1,734,257,627
Infrastructure and Other Improvements	83,485,132	246,856	-	83,731,988
Furniture and Equipment	258,675,346	18,397,765	9,402,181	267,670,930
Library Resources	159,171,446	6,222,666	-	165,394,112
Leasehold Improvements(1)	25,245,285	829,763	5,897,784	20,177,264
Lease Assets	-	184,735,600	-	184,735,600
Works of Art and Historical Treasures	1,677,354	-	-	1,677,354
Computer Software and	-	-	-	-
Other Capital Assets	7,850,435	-	-	7,850,435
<b>Total Depreciable Capital Assets</b>	<b>2,259,853,925</b>	<b>220,941,350</b>	<b>15,299,965</b>	<b>2,465,495,310</b>
Less, Accumulated Depreciation:				
Buildings	624,826,084	53,060,639	-	677,886,723
Infrastructure and Other Improvements	40,567,922	2,518,254	-	43,086,176
Furniture and Equipment	221,048,818	18,152,997	8,620,640	230,581,175
Library Resources	128,637,346	5,238,579	-	133,875,925
Leasehold Improvement(1)	14,064,800	1,387,771	3,757,241	11,695,330
Lease Assets(2)	-	14,719,467	-	14,719,467
Works of Art and Historical Treasures	1,448,874	64,726	-	1,513,600
Computer Software and	-	-	-	-
Other Capital Assets	7,850,435	-	-	7,850,435
<b>Total Accumulated Depreciation</b>	<b>1,038,444,279</b>	<b>95,142,433</b>	<b>12,377,881</b>	<b>1,121,208,831</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 1,221,409,646</b>	<b>\$ 125,798,917</b>	<b>\$ 2,922,084</b>	<b>\$ 1,344,286,479</b>

- (1) Amount includes beginning balance of property under capital lease that had been traditionally classified under leasehold improvement due to the small balance. The amount was deducted from the leasehold improvement balance and re-evaluated for GASB 87 eligibility.

## 9. Unearned Revenue

Unearned revenue at June 30, 2022, includes grant and contract prepayments, auxiliary prepayments, and student tuition and fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2022, the University reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Auxiliary Prepayments	15,821,171
Grant and Contracts	3,847,023
Student Tuition and Fees	10,761
<b>Total Unearned Revenue</b>	<b>\$ 19,678,955</b>

## 10. Deferred Outflow / Inflow of Resources

The deferred outflows and inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Total deferred outflows of resources related to pensions were \$86,028,602 and deferred inflows of resources related to pensions were \$176,804,831 for the year ended June 30, 2022. Note 12 includes a complete discussion of defined benefit pension plans.

The deferred outflows and inflows related to Other Postemployment Benefits (OPEB) are an aggregate of items related to OPEB as calculated in accordance with GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program. Total deferred outflows of resources related to OPEB were \$153,244,516 and deferred inflows of resources related to OPEB were \$156,221,083 for the year ended June 30, 2022. Note 11 includes a complete discussion of Other Postemployment Benefits.

The deferred inflows related to leases as calculated in accordance with GASB Statement No. 87, Leases. Total deferred inflows of resources related to leases were \$56,650,693 for the year ended June 30, 2022. Note 6 includes a complete discussion of lease receivable.

The total deferred outflows of resources related to the deferred loss on debt refunding's were \$10,213,367 for the year ended June 30, 2022. The deferred loss was created as a result of the UCF Finance Corp debt refinancing and will be amortized as a component of interest expense over the remaining life of the UCF Finance Corporation's Series 2017 refunding term loan. Note 10. includes a complete discussion of the UCF Finance Corporation's debt refinancing.

## 11. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2022, include capital improvement debt payable, loans and notes payable, lease payable, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities. Long-term liabilities activity for the fiscal year ended June 30, 2022, is shown in the following table:



Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	\$ 88,024,530	\$ 50,215,718	\$ 57,303,127	\$ 80,937,121	\$ 5,835,000
Loan(s) and Note(s) Payable	57,273,193	-	4,276,193	52,997,000	2,750,000
Lease Payable(1)	-	184,744,238	13,811,114	170,933,124	13,481,820
Compensated Absences Payable	64,572,888	5,843,695	7,476,198	62,940,385	5,891,268
Other Postemployment Benefits Payable	391,512,085	342,385,547	323,350,872	410,546,760	7,182,994
Net Pension Liability	347,916,021	65,976,241	303,774,474	110,117,788	340,913
Other Noncurrent Liabilities	3,682,483	1,146,718	2,868,265	1,960,936	-
<b>Total Long-Term Liabilities</b>	<b>\$ 952,981,200</b>	<b>\$ 650,312,157</b>	<b>\$ 712,860,243</b>	<b>\$ 890,433,114</b>	<b>\$ 35,481,995</b>

(1). Amount includes both lease payable with external parties and with discretely presented component units.

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

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2018A-Housing	\$ 23,255,000	\$ 17,167,809	5	2030
2021A-Housing	42,815,000	51,212,398	2.13 to 5	2042
<b>Total Student Housing Debt</b>	<b>66,070,000</b>	<b>68,380,207</b>		
Parking Garage Debt:				
2012A - Parking Garage	7,860,000	4,991,846	3 to 5	2032
2018A - Parking Garage	4,790,000	1,896,550	5	2024
2019A - Parking Garage	6,120,000	5,668,518	5	2029
<b>Total Parking Garage Debt</b>	<b>18,770,000</b>	<b>12,556,914</b>		
<b>Total Capital Improvement Debt</b>	<b>\$ 84,840,000</b>	<b>\$ 80,937,121</b>		

(1) Amount outstanding includes unamortized discounts and premiums.

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and various student fee assessments to repay \$95,845,000 in capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student housing and parking garages. The bonds are payable solely from housing rental revenues and parking and transportation fees and are payable through 2042. The University has committed to appropriate each year from the housing rental income, traffic and parking fees, and special student fee assessments, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$88,747,319 and principal and interest paid for the current year totaled \$9,826,418. During the 2021-22 fiscal year, operating revenues generated from housing rentals and parking revenues totaled \$28,463,060 and \$21,583,433, respectively.

On August 12, 2021, the Florida Board of Governors issued \$42,815,000 of University of Central Florida's Capital Improvement Dormitory Revenue Refunding Bonds, Series 2021A, with a net premium of



\$7,400,718. The bonds will mature on July 1, 2042, and carry coupons ranging from 2 percent to 5 percent. The University's portion of the refunding bonds, \$50,215,718 plus \$647,008 of sinking funds were used to defease \$49,445,000 of the outstanding Capital Improvement Dormitory Revenue Bonds, Series 2012A. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$11,431,951 over the next 20 years and obtained an economic gain of \$9,772,699.

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

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

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 5,835,000	\$ 2,904,263	\$ 8,739,263
2024	6,125,000	2,611,613	8,736,613
2025	5,485,000	2,304,238	7,789,238
2026	5,755,000	2,033,288	7,788,288
2027	6,045,000	1,748,638	7,793,638
2028-2032	21,140,000	5,037,063	26,177,063
2033-2037	8,975,000	1,890,213	10,865,213
2038-2042	10,295,000	563,006	10,858,006
<b>Subtotal</b>	69,655,000	19,092,319	88,747,319
Net Discounts and Premiums	11,282,121	-	11,282,121
<b>Total</b>	<u>\$ 80,937,121</u>	<u>\$ 19,092,319</u>	<u>\$ 100,029,440</u>

**Loans and Note Payable.** During the 2017-18 fiscal year, one of the University's blended component units, the UCF Finance Corporation (Corporation), issued a \$63,359,000 Refunding Term Loan, Series 2017, with a bank. The proceeds from the term loan were used to extinguish the Corporation's Series 2007 bonds and terminate an interest rate swap liability. The loan will mature on July 1, 2037, and bear interest at a fixed rate of 2.4 percent per annum with a 15-year interest put option. The loan is secured by the University's indirect cost revenues received by the University from Federal, State, and private grants.

The University agreed to use a ground sublease to lease to its blended component unit, the Corporation, a parcel of property located in Orange County, Florida, where approximately 198,000 square feet of classroom, laboratory, and administrative office space, together with related infrastructure was constructed. The facilities are used solely for education and research purposes and are operated and managed by the University. The University and the Corporation entered into an agreement whereby the Corporation leases the facilities to the University for the occupancy of the facilities. The University has agreed to pay a base rent equal to all amounts due and payable under the term loan.

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

During the 2017-2018 fiscal year, the Corporation entered into a note with a bank for up to \$20,000,000 to secure the construction commitments for a new University Downtown campus education facility. The note is secured by an assignment of philanthropic pledges received by the UCF Foundation and the outstanding balance on the note cannot exceed the total pledges receivable. Payments are made on an annual basis on March 8th of each year beginning March 8, 2020. The note bears a variable rate of interest equal to a per annum rate of 81 percent multiplied by the sum of the LIBOR plus 0.50 percent and is subject to adjustment to reflect changes in the LIBOR Rate. As of June 30, 2022, the note was paid off ahead of the final maturity date of March 8, 2023.

Annual requirements to amortize the outstanding term loans as of June 30, 2022, are as follows:

<b><u>Fiscal Year Ending June 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2023	\$ 2,750,000	\$ 1,238,928	\$ 3,988,928
2024	2,816,000	1,172,136	3,988,136
2025	2,885,000	1,103,724	3,988,724
2026	2,955,000	1,033,644	3,988,644
2027	3,027,000	961,860	3,988,860
2028-2032	16,274,000	3,670,008	19,944,008
2033-2037	18,349,000	1,594,980	
2038	3,941,000	47,292	3,988,292
<b>Total</b>	<b>\$ 52,997,000</b>	<b>\$ 10,822,572</b>	<b>\$ 43,875,592</b>

### **Lease Payable**

The University follows GASB Statement No. 87, Leases. Space and equipment are leased from external parties and the University's discretely presented component units for various terms under long-term, non-cancelable agreements. The leases expire at various dates and provide renewal options ranging from 1 to 25 years. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the treasury rate, factoring in the University's tax status and bond rating. The University does not have any leases subject to a residual value guarantee. Future commitments for remaining leases payable as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Total	Non-Component Units		Component Units	
		Principal	Interest	Principal	Interest
2023	\$ 14,982,874	\$ 3,059,890	\$ 779,443	\$ 10,421,930	\$ 721,611
2024	14,842,754	2,502,741	723,937	11,076,023	540,054
2025	12,214,393	2,490,663	677,372	8,654,407	391,951
2026	8,442,249	2,369,084	632,988	5,115,308	324,868
2027	7,815,633	1,756,076	592,934	5,163,431	303,192
2028-2032	34,326,745	7,869,447	2,517,586	22,677,682	1,262,031
2033-2037	26,535,004	2,799,103	1,950,281	20,800,117	985,502
Thereafter	70,243,785	13,914,924	4,661,456	50,262,297	1,405,107
<b>Total Minimum Lease Payments</b>	<b>\$ 189,403,438</b>	<b>\$ 36,761,929</b>	<b>\$ 12,535,998</b>	<b>\$ 134,171,194</b>	<b>\$ 5,934,317</b>

**Compensated Absences Payable.** Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2022, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$62,940,385. The current portion of the compensated absences liability, \$5,891,268, is the amount expected to be paid in the coming fiscal year and is based on actual payouts over the last 3 years calculated as a percentage of those years' total compensated absences liability.

**Other Postemployment Benefits Payable.** The University follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

### ***General Information about the OPEB Plan***

***Plan Description.*** The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan administered by the State of Florida. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has

the years of service required for vesting. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for funding the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

*Benefits Provided.* The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

### ***Proportionate Share of the Total OPEB Liability***

The University's proportionate share of the total OPEB liability of \$410,546,760 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. At June 30, 2021, the University's proportionate share, determined by its proportion of total benefit payments made, was 3.894895289 percent, which was an increase of 0.090129828 from its proportionate share reported as of June 30, 2020.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	2.18 percent
Healthcare cost trend rates	
PPO Plan	7.95 percent for 2022, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
HMO Plan	6.02 percent for 2022, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the S&P Municipal 20-year High Grade Rate Index.

Mortality rates were based on the Pub-2010 mortality tables which incorporate fully generational mortality improvement using Scale MP-2018.

The demographic actuarial assumptions for retirement, withdrawal, disability and salary merit scales used in the July 1, 2021 valuation are consistent with the assumptions used in the July 1, 2020 valuation of the FRS Plan.

The following changes have been made since the prior valuation:

- The discount rate was updated to utilize the mandated discount rate based on a 20-year Standard & Poor's Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate decreased from 2.66 percent to 2.18 percent.
- Retirement rates were updated based on those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019, with certain adjustments made to reflect the difference in the underlying populations. 60 percent of DSGI employees are assumed to become eligible for the Deferred Retirement Option Program (DROP), while remaining 40 percent are assumed to participate in plans which do not offer DROP benefits. Rates were previously those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change decreased the Total OPEB Liability by about 7 percent as of the valuation date.
- Termination rates were updated to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 3 percent as of the valuation date.
- The disability rates were updated to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 0.5 percent as of the valuation date.
- The salary increase rates were updated to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Previously, rates were those used in the Milliman's actuarial valuation of FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 0.2 percent as of the valuation date.
- Most actively employed participants in the Plan are health plan subscribers. Those participants are assumed to continue their current health coverage into retirement at a rate of 47 percent. For those who are not currently covered under the health plan, 3.7 percent are assumed to elect medical coverage in retirement. The resulting overall participation rate is 43 percent. Previously, the overall participation rate was 50 percent. This change resulted in an 8 percent decrease in the Total OPEB Liability as of the valuation date.

*Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate.* The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.18 percent) or 1 percentage point higher (3.18 percent) than the current rate:

<b>1% Decrease (1.18%)</b>	<b>Current Discount Rate (2.18%)</b>	<b>1% Increase (3.18%)</b>
------------------------------------	--	------------------------------------

University's proportionate share of the total OPEB liability	\$517,876,316	\$410,546,760	\$330,237,195
---	---------------	---------------	---------------

*Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
University's proportionate share of the total OPEB liability	\$318,561,544	\$410,546,760	\$538,540,053

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.***

For the fiscal year ended June 30, 2022, the University recognized OPEB expense of \$25,445,687. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 19,514,036
Change of assumptions or other inputs	44,154,421	135,967,796
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	101,779,434	739,251
Transactions subsequent to the measurement date	7,310,661	-
<b>Total</b>	<u>\$ 153,244,516</u>	<u>\$ 156,221,083</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$7,310,661 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ (6,021,289)
2024	(6,021,289)
2025	(6,021,289)
2026	(6,021,289)
2027	(6,021,289)
Thereafter	19,819,217
<b>Total</b>	<b><u>\$ (10,287,228)</u></b>

**Net Pension Liability.** As a participating employer in the Florida Retirement System (FRS), the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2022, the University's proportionate share of the net pension liabilities totaled \$110,117,788. Note 12. includes a complete discussion of defined benefit pension plans.

**Other Noncurrent Liabilities.** Other noncurrent liabilities primarily consist of the liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan Program. Under the Perkins Loan program, the University receives Federal capital contributions that must be returned to the Federal Government if the program has excess cash or the University ceases to participate in the program. Federal capital contributions held by the University totaled \$1,960,936 as of June 30, 2022.

**Certificate of Participation Payable and Bonds Payable – Component Units.**

**UCF Convocation Corporation**

During the 2013-14 and 2014-15 fiscal years, the UCF Convocation Corporation issued two refunding certificates of participation, Series 2014A for \$58,645,000, and Series 2014B for \$58,930,000 related to the construction of four residential housing towers, two adjacent parking facilities, and certain surrounding commercial retail space during the 2004-05 and 2005-06 fiscal years. During the 2018-19 fiscal year, UCF Convocation Corporation issued \$104,636,000 Refunding Revenue Bonds, Series 2018 to prepay the outstanding Series 2014A and Series 2014B certificates of participation. The bonds will mature on October 1, 2035, and bears interest at a fixed rate of 3.52 percent per annum. On June 1, 2022 an interest modification occurred to lower the interest rate to 2.82 percent per annum, commencing October 1, 2022. The extinguishment of the defeased certificates terminated the ground lease between the UCF Convocation Corporation and the University. All related building and building improvement assets on the leased land transferred to the University.

During the 2015-16 fiscal year, the UCF Convocation Corporation issued a \$48,385,000 Refunding Revenue Bond, Series 2015A, and a \$34,775,000 Taxable Refunding Revenue Bond, Series 2015B, related to the acquisition, construction, and installation of a new convocation center, renovation of the existing University Arena, and construction of related infrastructure during the 2005-06 fiscal year. The 2015A bonds will mature on October 1, 2035 and bear interest at fixed rates ranging from 3 to 5 percent per annum and the 2015B bonds will mature on October 1, 2026 and bear interest at fixed rates ranging from 2 to 4.3 percent per annum.



The outstanding balance of UCF Convocation Corporation revenue bonds at June 30, 2022, was \$85,970,000 related to direct borrowings and was \$63,910,000 related to non-direct borrowings before an unamortized premium of \$749,732

With the Refunding Revenue Bonds debt issuances, in the event either party fails to perform the covenants and obligations provided in the respective debt agreements, and such failure continues for a period of thirty days following written notice from the other party, such failure shall constitute a default under the terms and provisions of the agreements. In the event of default, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. In any event of default, the Refunding Revenue Bonds are not subject to any acceleration clauses.

The University entered into an operating agreement with the UCF Convocation Corporation whereby the UCF Convocation Corporation will be solely responsible for management and operations of the convocation center and related facilities. The University assigned its rights, title, and interest in revenues generated from use of the facilities to the UCF Convocation Corporation and granted it the right to pledge revenues to secure repayment of the refunding revenue bonds. The University retained the right for priority use of the facilities for a period of at least 100 days annually. In exchange, the University agreed to pay UCF Convocation Corporation \$2,200,000 per year for the term of the agreement. The term of the agreement ends in 2036 and cannot be terminated prior to the time that all related bonds have been paid in full. Amounts paid to UCF Convocation Corporation for the fiscal year ended June 30, 2022, totaled \$2,200,000.

The University entered into a support agreement with the UCF Convocation Corporation such that it will fund certain deficiencies that may arise in the event the corporation is unable to make the minimum payments on the certificates or bonds. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts. In the event of certain deficiencies for debt service coverage requirements or reserve account shortfalls, the University agrees to defer collecting certain expenditures to cover any such deficiencies. The University is obligated only to the extent that it has legally available revenues to cover the unpaid amounts.

In the 2020-21 fiscal year, the UCF Convocation Corporation met requirements necessary to release certain restricted funds held by the trustee. The Corporation's governing board made the decision to remit a portion of these funds back to the University. Transfers to the University totaled \$583,580 for the fiscal year ended June 30, 2022.

#### UCF Stadium Corporation

During the 2015-16 fiscal year, the UCF Stadium Corporation issued Series 2015A tax-exempt refunding revenue bonds for \$33,995,000 with a net premium of \$2,332,576, Series 2015B taxable refunding revenue bonds for \$10,250,000, and a Series 2015C non-taxable refunding revenue bond for \$3,810,000, to a bank, related to the construction of a football stadium on the campus at the University. The bonds include both term and serial bonds and are secured by a pledge from the UCF Athletics Association, Inc. of gross ticket revenues, rent, away game guarantees, conference distributions, and sponsorship revenues. The bonds bear fixed interest rates that range from 2.49 percent to 5.15 percent, and maturity dates that range from March 2029 to March 2036.



The outstanding balance of all UCF Stadium Corporation revenue bonds at June 30, 2022, was \$36,047,000, including \$1,672,000 of direct borrowings, before an unamortized premium of \$1,574,249.

The University entered into a support agreement with the UCF Stadium Corporation such that it will fund certain deficiencies that may arise in the event either corporation is unable to make the minimum payments on the bonds. In addition, if the Corporation has deficiencies for debt service coverage or reserve account shortfalls, the University agrees to transfer funds to cover any such deficiencies. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts.

With each of the UCF Stadium Corporation's debt issuances, in the event either party fails to perform the covenants and obligations provided in the respective debt agreements, and such failure continues for a period of 30 days following written notice from the other party, such failure shall constitute a default under the terms and provisions of the agreements. In the event of default, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. In any event of default, the UCF Stadium Corporation's debt is not subject to any acceleration clauses.

### **Loans and Notes Payable – Component Units.**

#### **UCF Foundation, Inc.**

During the 2004-05 fiscal year, the University of Central Florida Foundation, Inc. entered into a note with a bank for the purchase of land and buildings. The note is secured by the buildings valued at \$6,072,206 and lease revenues. In May 2017, the note was refinanced to a 3.34 percent fixed rate. The principal balance at the time of the refinance was \$7,535,000 with the note still maturing on April 1, 2029. As of June 30, 2022, the remaining outstanding principal was \$4,757,000.

During the 2009-10 fiscal year, the University of Central Florida Foundation, Inc. entered into a note with a bank for \$19,925,000. The note is comprised of a tax-exempt portion with a fixed rate of 4.96 percent and a taxable portion with a fixed rate of 5.83 percent which matures on October 1, 2025. The note is secured by buildings valued at \$12,264,572 and lease revenue. As of June 30, 2022, the taxable note was fully repaid and the remaining outstanding principal for the tax-exempt note was \$6,756,000. The taxable series was paid in full during the 2017-18 fiscal year.

During the 2018-19 fiscal year, the University of Central Florida Foundation, Inc. entered into a \$50,000,000 30-year interest free and tax-exempt note with Orange County, Florida for the purchase of a building and related land. The note is secured by a mortgage on the land, a building valued at \$46,689,000, and the lease revenue generated has been pledged for debt repayment. The maturity date of the loan is the thirtieth anniversary of the first principal payment date. As of June 30, 2022, the remaining outstanding principal was \$47,500,000.

During the 2018-19 fiscal year, the University of Central Florida Foundation, Inc. entered into a 20-year tax-exempt note with a bank for \$6,000,000 for the purchase of a building and related land. The note matures on October 1, 2038, at a fixed rate of 3.93 percent. The purchased property, valued at \$5,919,395, represents security for the loan, and lease revenues generated from this building have been pledged for debt repayment. As of June 30, 2022, the remaining outstanding principal was \$5,307,000.

In the event of default of the notes, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all

available legal remedies in order to protect and enforce its rights. The notes are subject to acceleration if the lender reasonably deems itself insecure for any reason.

#### UCF Athletics Association, Inc.

During the 2014-15 fiscal year, the UCF Athletics Association, Inc. modified a construction line of credit with a local bank to a line of credit promissory note. The note matures June 2033, and the repayment schedule assumes the agreement is renewed annually. If the agreement is not renewed, the entire balance will be due in full at that time. In July 2019, the UCF Athletics Association, Inc. renewed the agreement until July 2033, which carries interest at 79 percent of LIBOR plus 1.34 percent (1.93 percent at June 30, 2022). The note is secured by an amount not to exceed 5 percent of the prior year's collection of student athletic fees and conference payments from the American Athletics Conference. In the event of default, the Lender may declare the loan and all obligations to be fully due and payable in their aggregate amount, together with accrued interest and all prepayment premiums, fees, and charges. The note is subject to acceleration if the lender reasonably deems itself insecure for any reason. As of June 30, 2021, the amount outstanding on the note was \$5,080,000.

During the fiscal year 19-20, the Athletics Association, Inc. entered into a direct borrowing loan from a financial institution in the amount of \$8,550,000 to complete the buildout of phase two of the Roth Athletics Center located on the UCF campus. Principal payments are required by September 1st each year to reduce the loan balance to an agreed-upon amount negotiated annually. Interest on the loan is payable semi-annually at a fixed interest rate of 2 percent. The loan matures September 1, 2024 and is secured by certain pledged revenues of the Association.

On December 18, 2020, the Association entered into an 18-month revolving line of credit with the UCF Foundation, Inc. for \$4 million. On September 10, 2021 (the Amendment Date), the Foundation amended the terms of the Line to assist with expenses related to transitioning athletics conferences and increased the amount of the Line to \$10 million. The line bears simple interest at 3% per annum and matures in three years from the Amendment Date and may be renewed for up to two additional 12-month periods, upon agreement by all parties. As of June 30, 2022, the total principal amount of outstanding on the line was \$9 million.

#### Due to University – Component Units.

Four of its component units reported moneys due to the University totaling \$5,907,638. The UCF Athletics Association, Inc. received several loans from the University between 2004 and 2007. In 2009, those loans were consolidated into one loan. In July 2015, the Board of Trustees approved an amendment to the previous payment schedule. The 2020-21 fiscal year loan payment was deferred for two fiscal years and future years' payments range from \$1,000,000 to \$1,528,000, contingent on interest rates. The loan matures in the 2026-27 fiscal year and bears interest at a variable rate equal to the preceding fiscal year's average SPIA rate of return (1.61 percent for the 2021-22 fiscal year interest calculations). In the event of a default, after 30 days the entire principal sum and accrued interest becomes due at the option of the University and the interest rate shall increase to the highest rate allowable under Florida law. As of June 30, 2022, the amount outstanding, including interest, totaled \$5,447,178.

## 12. Retirement Plans – Defined Benefit Pension Plans

### General Information about the Florida Retirement System (FRS).

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class employed by the State and faculty and specified employees in the State university system. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the University are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The University's FRS and HIS pension expense totaled \$6,777,976 for the fiscal year ended June 30, 2022.

### FRS Pension Plan

*Plan Description.* The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees

enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**Benefits Provided.** Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>% Value</u></b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
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
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
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
<b>Senior Management Service Class</b>	2.00
<b>Special Risk Class</b>	3.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit

by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-22 fiscal year were:

<u><b>Class</b></u>	<u><b>Percent of Gross Salary</b></u>	
	<u><b>Employee</b></u>	<u><b>Employer (1)</b></u>
FRS, Regular	3.00	10.82
FRS, Senior Management Service	3.00	29.01
FRS, Special Risk	3.00	25.89
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	18.34
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The University's contributions to the Plan totaled \$27,577,190 for the fiscal year ended June 30, 2022.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2022, the University reported a liability of \$46,158,515 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The University's proportionate share of the net pension liability was based on the University's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the University's proportionate share was 0.611058374 percent, which was a decrease of 0.037311348 from its proportionate share measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized pension expense of \$1,106,772. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,911,643	\$ -
Change of assumptions	31,583,944	-
Net difference between projected and actual earnings on FRS Plan investments	-	161,035,457
Changes in proportion and differences between University contributions and proportionate share of contributions	5,846,301	10,621,046
University FRS contributions subsequent to the measurement date	27,577,190	-
<b>Total</b>	<b>\$ 72,919,078</b>	<b>\$ 171,656,503</b>

The deferred outflows of resources totaling \$27,577,190, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ (20,971,276)
2024	(25,253,145)
2025	(34,446,063)
2026	(44,474,436)
2027	(1,169,695)
Thereafter	-
	<u>\$ (126,314,615)</u>

**Actuarial Assumptions.** The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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



<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate (Property)	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
<b>Total</b>	<b>100.0%</b>			
Assumed inflation - Mean			2.4%	1.2%

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

**Discount Rate.** The discount rate used to measure the total pension liability was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2021 valuation was unchanged from the previous valuation.

**Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80 percent) or 1 percentage point higher (7.80 percent) than the current rate:

	<u>1% Decrease (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase (7.80%)</u>
University's proportionate share of the net pension liability	\$206,423,973	\$46,158,515	\$(87,805,438)

**Pension Plan Fiduciary Net Position.** Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

### **HIS Pension Plan**

**Plan Description.** The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**Benefits Provided.** For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to

Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

*Contributions.* The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled \$3,194,911 for the fiscal year ended June 30, 2022.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2022, the University reported a liability of \$63,959,273 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within 1 year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and update procedures were used to determine the net pension liability as of June 30, 2021. The University's proportionate share of the net pension liability was based on the University's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the University's proportionate share was 0.521414055 percent, which was a decrease of 0.026529603 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the University recognized pension expense of \$5,671,204. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,140,239	\$ 26,789
Change of assumptions	5,025,767	2,635,285
Net difference between projected and actual earnings on HIS Plan investments	66,676	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	2,681,931	2,486,253
University HIS contributions subsequent to the measurement date	3,194,911	-
<b>Total</b>	<b>\$ 13,109,524</b>	<b>\$ 5,148,327</b>



The deferred outflows of resources totaling \$3,194,911, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2023	\$ 1,963,691
2024	695,123
2025	714,855
2026	872,551
2027	513,986
Thereafter	6,080
<b>Total</b>	<b>\$ 4,766,286</b>

*Actuarial Assumptions.* The total pension liability at July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.16 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

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

*Discount Rate.* The discount rate used to measure the total pension liability was 2.16 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2021 valuation was updated from 2.21 percent to 2.16 percent.

*Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 2.16 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
University's proportionate share of the net pension liability	\$73,943,115	\$63,959,273	\$55,779,747

*Pension Plan Fiduciary Net Position.* Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Annual Comprehensive Financial Report.

### **13. Retirement Plans – Defined Contribution Pension Plans**

**FRS Investment Plan.** The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State's Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2021-22 fiscal year were as follows:

<b><u>Class</u></b>	<b><u>Percent of Gross Compensation</u></b>
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution,

leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The University's Investment Plan pension expense totaled \$6,820,750 for the fiscal year ended June 30, 2022.

**State University System Optional Retirement Program.** Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for 8 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 4.19 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 9.34 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled \$24,616,863, and employee contributions totaled \$12,703,076 for the 2021-22 fiscal year.

#### **14. Construction Commitments**

The University's major construction commitments at June 30, 2022, were as follows:

<b><u>Project Description</u></b>	<b><u>Total Commitment</u></b>	<b><u>Completed to Date</u></b>	<b><u>Balance Committed</u></b>
Biological Sciences	\$ 7,802,537	\$ 545,222	\$ 7,257,316
Partnership IV and V	14,339,908	9,531,861	4,808,047
Student Union Roof	2,111,647	40,926	2,070,720
Arts Complex Phase 1	2,162,822	514,326	1,648,496
Performing Arts Phase 2	1,636,366	55,754	1,580,612
Downtown CEM Rooftop AHU	4,455,299	2,982,348	1,472,951
Com & Media	2,007,913	547,588	1,460,325
Downtown CEM	3,186,543	1,952,957	1,233,585
Student Union HVAC Reno	4,436,757	3,616,114	820,644
<b>Subtotal</b>	<b>42,139,791</b>	<b>19,787,095</b>	<b>22,352,695</b>
Other Projects (1)	27,356,076	20,117,540	7,238,535
<b>Total</b>	<b>\$ 69,495,866</b>	<b>\$ 39,904,636</b>	<b>\$ 29,591,231</b>

(1) Individual projects with a current balance committed of less than \$1 million at June 30, 2022.

## 15. State Self-Insurance Program

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2021-22 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$57.5 million for named windstorm and flood through February 14, 2023, and stayed at \$57.5 million starting February 15, 2022. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$167.5 million through February 14, 2022, and increased to \$168.7 million starting February 15, 2022; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

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

### **University Self-Insured Program.**

The University of Central Florida, College of Medicine Self-Insurance Program (Program) was established pursuant to Section 1004.24, Florida Statutes, on September 25, 2008. The Program's purpose is to provide comprehensive general liability and professional liability (malpractice) coverage for the University of Central Florida Board of Trustees and students for claims and actions arising from the clinical activities of the College of Medicine, College of Nursing, UCF Health Services, College of Health Professions and Sciences (previously included in the College of Health and Public Affairs), and the Central Florida Clinical Practice Organization, Inc., faculty, staff and resident physicians. The Program provides legislative claims bill protection. The Program is distinct from and entirely independent of the self-insurance programs administered by the State described in Note 19.

The University is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Program

also provides \$1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; \$250,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; \$250,000 per claim protection for participants who engage in approved community service and act as Good Samaritans; and student protections of \$200,000 for a claim arising from an occurrence for any one person, \$300,000 for all claims arising from an occurrence and professional liability required by a hospital or other healthcare facility for educational purposes not to exceed a per occurrence limit of \$1,000,000.

<u>Fiscal Year</u>	<u>Claims Liabilities Beginning of Year</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Claims Liabilities End of Year</u>
2020-21	\$ 1,035,081	\$ 549,775	\$ (181,482)	\$ 1,403,374
2021-22	1,403,374	528,378	(140,557)	1,791,195

## 16. 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.

## 17. Functional Distribution of Operating Expenses

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 405,373,908
Research	173,588,382
Public Services	22,352,724
Academic Support	121,657,200
Student Services	51,468,406
Institutional Support	110,944,928
Operation and Maintenance of Plant	57,834,449
Scholarships, Fellowships, and Waivers	215,991,818
Depreciation	93,416,450
Auxiliary Enterprises (Net)	84,515,768
<b>Total Operating Expenses</b>	<b>\$ 1,337,144,033</b>

## 18. Segment Information

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

### Condensed Statement of Net Position

	<u>Housing Facility</u>	<u>Parking Facility</u>
<b>Assets</b>		
Current Assets	\$ 16,073,259	\$ 27,095,384
Capital Assets, Net	76,671,075	62,771,373
Other Noncurrent Assets	<u>10,440,439</u>	<u>7,951,244</u>
<b>Total Assets</b>	<u>103,184,773</u>	<u>97,818,001</u>
<b>Liabilities</b>		
Current Liabilities	6,846,653	2,064,552
Noncurrent Liabilities	<u>64,400,206</u>	<u>10,701,915</u>
<b>Total Liabilities</b>	<u>71,246,859</u>	<u>12,766,467</u>
<b>Net Position</b>		
Net Investment in Capital Assets	8,290,869	46,178,719
Restricted - Expendable	9,854,936	9,204,933
Unrestricted	<u>13,792,109</u>	<u>29,667,881</u>
<b>Total Net Position</b>	<u>\$ 31,937,914</u>	<u>\$ 85,051,533</u>

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

	<u>Housing Facility</u>	<u>Parking Facility</u>
Operating Revenues	\$ 29,043,900	\$ 21,583,433
Depreciation Expense	(4,432,454)	(3,237,807)
Other Operating Expenses	(16,731,042)	(12,981,738)
<b>Operating Income (Loss)</b>	<u>7,880,404</u>	<u>5,363,888</u>
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	240,053	1,407,548
Interest Expense	(1,970,500)	(327,707)
Other Nonoperating Revenue	-	(4,141)
<b>Net Nonoperating Revenue(Expenses)</b>	<u>(1,730,447)</u>	<u>1,075,700</u>
Other Revenues, Expenses, Gains and Losses	<u>6,704,247</u>	<u>6,232,559</u>
<b>Increase (Decrease) in Net Position</b>	<u>12,854,204</u>	<u>12,672,147</u>
Net Position, Beginning of Year	<u>19,083,710</u>	<u>72,379,386</u>
<b>Net Position, End of Year</b>	<u>\$ 31,937,914</u>	<u>\$ 85,051,533</u>

### Condensed Statement of Cash Flows

	<u>Housing Facility</u>	<u>Parking Facility</u>
Net Cash Provided (Used) by:		
Operating Activities	\$ 11,934,118	\$ 8,824,448
Noncapital Financing Activities	6,803,756	5,739,061
Capital and Related Financing Activities	(7,932,851)	(2,841,055)
Investing Activities	(7,220,188)	(6,960,940)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>3,584,835</u>	<u>4,761,514</u>
Cash and Cash Equivalents, Beginning of Year	<u>727,927</u>	<u>1,137,535</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 4,312,762</u>	<u>\$ 5,899,049</u>

## 19. 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

	<b>Blended Component Units</b>					
	<b>University of Central Florida College of Medicine</b>					
	<b>UCF Finance Corporation</b>	<b>Self- Program</b>	<b>Total Blended CUs</b>	<b>University</b>	<b>Eliminations</b>	<b>Total Primary Government</b>
<b>Assets:</b>						
Other Current Assets	\$ 3,394,135	\$ 12,115,816	\$ 15,509,951	\$ 684,924,541	\$ -	\$ 700,434,492
Capital Assets, Net		-	-	1,427,425,355	-	1,427,425,355
Due From University / Blended CU	40,171,657	-	40,171,657		(40,171,657)	
Other Noncurrent Assets		-	-	128,924,155	-	128,924,155
<b>Total Assets</b>	<b>43,565,792</b>	<b>12,115,816</b>	<b>55,681,608</b>	<b>2,241,274,051</b>	<b>(40,171,657)</b>	<b>2,256,784,002</b>
<b>Deferred Outflows of Resources</b>	<b>10,213,367</b>	<b>-</b>	<b>10,213,367</b>	<b>239,273,120</b>	<b>-</b>	<b>249,486,487</b>
<b>Liabilities:</b>						
Current Liabilities	3,385,964	1,815,149	5,201,113	136,320,522	-	141,521,635
Due to University/Blended CU		-	-	40,171,657	(40,171,657)	-
Noncurrent Liabilities	50,247,000	-	50,247,000	804,704,408	-	854,951,408
<b>Total Liabilities</b>	<b>53,632,964</b>	<b>1,815,149</b>	<b>55,448,113</b>	<b>981,196,587</b>	<b>(40,171,657)</b>	<b>996,473,043</b>
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389,676,609</b>	<b>-</b>	<b>389,676,609</b>
<b>Net Position:</b>						
Net Investment in Capital Assets		-	-	1,141,678,510	-	1,141,678,510
Restricted - Expendable	146,195	10,300,666	10,446,861	139,601,585	-	150,048,446
Unrestricted		-	-	(171,606,119)	-	(171,606,119)
<b>Total Net Position</b>	<b>\$ 146,195</b>	<b>\$ 10,300,666</b>	<b>\$ 10,446,861</b>	<b>\$ 1,109,673,976</b>	<b>\$ -</b>	<b>\$ 1,120,120,837</b>

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

	<b>Blended Component Units</b>					
	<b>University of Central Florida College of Medicine</b>					
	<b>UCF Finance Corporation</b>	<b>Self- Program</b>	<b>Total Blended CUs</b>	<b>University</b>	<b>Eliminations</b>	<b>Total Primary Government</b>
Operating Revenues		\$ 2,382,922	\$ 2,382,922	\$ 569,438,526	\$ (2,382,922)	\$ 569,438,526
Depreciation Expense			-	(93,416,450)	-	(93,416,450)
Other Operating Expenses	(19,258)	(1,154,645)	(1,173,903)	(1,242,554,490)	811	(1,243,727,582)
<b>Operating Income (Loss)</b>	<b>(19,258)</b>	<b>1,228,277</b>	<b>1,209,019</b>	<b>(766,532,414)</b>	<b>(2,382,111)</b>	<b>(767,705,506)</b>
Nonoperating Revenues (Expenses):						
Nonoperating Revenue	3,296,114	(1,058,198)	2,237,916	801,055,246	(1,858,589)	801,434,573
Interest Expense	(1,947,557)		(1,947,557)	(3,972,007)	-	(5,919,564)
Other Nonoperating Expense			-	(51,274,979)	4,240,700	(47,034,279)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>1,348,557</b>	<b>(1,058,198)</b>	<b>290,359</b>	<b>745,808,260</b>	<b>2,382,111</b>	<b>748,480,730</b>
Other Revenues, Expenses, Gains, and Losses	-	-	-	10,814,245	-	10,814,245
<b>Increase (Decrease) in Net Position</b>	<b>1,329,299</b>	<b>170,079</b>	<b>1,499,378</b>	<b>(9,909,909)</b>	<b>-</b>	<b>(8,410,531)</b>
Net Position, Beginning of Year	(1,183,104)	10,130,587	8,947,483	1,119,547,896	-	1,128,495,379
Adjustment to Beginning Net Position (1)	-	-	-	35,989	-	35,989
<b>Net Position, Beginning of Year, as Restated</b>	<b>(1,183,104)</b>	<b>10,130,587</b>	<b>8,947,483</b>	<b>1,119,583,885</b>	<b>-</b>	<b>1,128,531,368</b>
<b>Net Position, End of Year</b>	<b>\$ 146,195</b>	<b>\$ 10,300,666</b>	<b>\$ 10,446,861</b>	<b>\$ 1,109,673,976</b>	<b>\$ -</b>	<b>\$ 1,120,120,837</b>

(1). Adjustment made due to implementation of GASB 87.

(1) Add a description of adjustment to beginning net position.



## Condensed Statement of Cash Flows

	<b>Blended Component Units</b>					
	<b>University of Central Florida College of Medicine Self- Insurance Program</b>					
	<b>UCF Finance Corporation</b>		<b>Total Blended CUs</b>	<b>University</b>	<b>Eliminations</b>	<b>Total Primary Government</b>
Net Cash Provided (Used) by:						
Operating Activities	\$ (19,259)	\$ 1,817,440	\$ 1,798,181	\$ (679,100,477)	\$ (2,382,922)	\$ (679,685,218)
Noncapital Financing Activities	-	-	-	\$ 770,121,662	6,599,369	776,721,031
Capital and Related Financing Activities	(35,325)	-	(35,325)	\$ (72,325,283)	(4,216,447)	(76,577,055)
Investing Activities	88,335	(1,686,313)	(1,597,978)	\$ 14,333,916	-	12,735,938
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>33,751</b>	<b>131,127</b>	<b>164,878</b>	<b>33,029,818</b>	<b>-</b>	<b>33,194,696</b>
Cash and Cash Equivalents, Beginning of Year	3,360,383	1,147,438	4,507,821	19,479,472	-	23,987,293
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,394,134</b>	<b>\$ 1,278,565</b>	<b>\$ 4,672,699</b>	<b>\$ 52,509,290</b>	<b>\$ -</b>	<b>\$ 57,181,989</b>

## 20. Discretely Presented Component Units

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

### Condensed Statement of Net Position

	<b>Direct-Support Organizations</b>				
	<b>University of Central Florida Foundation, Inc.</b>	<b>University of Central Florida Research Foundation, Inc.</b>	<b>UCF Athletics Association, Inc.</b>	<b>UCF Convocation Corporation</b>	<b>UCF Stadium Corporation</b>
<b>Assets:</b>					
Current Assets	\$ 47,120,615	\$ 30,392,831	\$ 31,196,715	\$ 25,847,862	\$ 5,662,874
Capital Assets, Net	127,731,978	-	65,024,927	348,615	-
Other Noncurrent Assets	409,002,623	110,607	137,259	12,030,336	24,052,141
<b>Total Assets</b>	<b>583,855,216</b>	<b>30,503,438</b>	<b>96,358,901</b>	<b>38,226,813</b>	<b>29,715,015</b>
<b>Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,423,476</b>	<b>523,084</b>
<b>Liabilities:</b>					
Current Liabilities	5,864,340	17,564,101	15,644,254	13,932,484	5,222,683
Noncurrent Liabilities	60,579,616	-	60,040,635	142,254,733	35,507,249
<b>Total Liabilities</b>	<b>66,443,956</b>	<b>17,564,101</b>	<b>75,684,889</b>	<b>156,187,217</b>	<b>40,729,932</b>
<b>Deferred Inflows of Resources</b>	<b>114,076,652</b>	<b>-</b>	<b>-</b>	<b>10,949,112</b>	<b>25,453,537</b>
<b>Net Position:</b>					
Net Investment in Capital Assets	63,411,978	-	25,332,867	348,615	-
Restricted Nonexpendable	150,905,487	-	-	-	-
Restricted Expendable	109,097,882	2,974,484	10,703,979	15,096,449	-
Unrestricted	79,919,261	9,964,853	(15,362,834)	(140,931,104)	(35,945,371)
<b>Total Net Position</b>	<b>\$403,334,608</b>	<b>\$ 12,939,337</b>	<b>\$ 20,674,012</b>	<b>\$ (125,486,040)</b>	<b>\$ (35,945,371)</b>

UCF Academic Health, Inc.	Total Direct Support Organizations	Other Central Florida Clinical Practice Organization Inc.	
		Total	
\$ 1,439,231	\$ 141,660,127	\$ 10,322,752	\$ 151,982,879
48,333,333	193,104,890	145,805	193,250,695
48,509,118	540,176,047		540,176,047
98,281,682	874,941,064	10,468,557	885,409,621
-	3,946,560	-	3,946,560
2,127,571	60,355,433	556,660	60,912,093
45,500,000	343,882,233		343,882,233
47,627,571	404,237,666	556,660	404,794,326
32,885,333	183,364,634	-	183,364,634
-	89,093,460	145,805	89,239,265
-	150,905,487	-	150,905,487
-	137,872,794	-	137,872,794
15,768,778	(86,586,417)	9,766,092	(76,820,325)
\$ 15,768,778	\$ 291,285,324	\$ 9,911,897	\$ 301,197,221

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


	Direct-Support Organizations				
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation
Operating Revenues	\$ 26,270,779	\$ 17,883,503	\$ 68,963,267	\$ 33,404,482	\$ 3,453,092
Depreciation Expense	(3,071,495)	-	(3,861,430)	(189,803)	-
Operating Expenses	(53,702,518)	(17,804,637)	(65,366,576)	(16,118,198)	(910,302)
<b>Operating Income (Loss)</b>	<b>(30,503,234)</b>	<b>78,866</b>	<b>(264,739)</b>	<b>17,096,481</b>	<b>2,542,790</b>
Net Nonoperating Revenues (Expenses):					
Nonoperating Revenues	11,850,266	2,350,591	18,091,255	269,403	11,725,499
Interest Expense	-	-	(1,282,185)	(6,049,723)	(1,493,284)
Other Nonoperating Expenses	(34,780)	-	-	(583,580)	-
<b>Net Nonoperating Revenues (Expenses)</b>	<b>11,815,486</b>	<b>2,350,591</b>	<b>16,809,070</b>	<b>(6,363,900)</b>	<b>10,232,215</b>
Other Revenues, Expenses, Gains, and Losses	8,421,165	-	(15,986,858)	-	-
<b>Increase (Decrease) in Net Position</b>	<b>(10,266,583)</b>	<b>2,429,457</b>	<b>557,473</b>	<b>10,732,581</b>	<b>12,775,005</b>
Net Position, Beginning of Year	411,724,169	10,509,880	20,116,539	(136,218,621)	(38,167,376)
Adjustment to Beginning Net Position (1)	1,877,022	-	-	-	-
<b>Net Position, Beginning of Year, as Restated</b>	<b>413,601,191</b>	<b>10,509,880</b>	<b>20,116,539</b>	<b>(136,218,621)</b>	<b>(38,167,376)</b>
<b>Net Position, End of Year</b>	<b>\$403,334,608</b>	<b>\$ 12,939,337</b>	<b>\$ 20,674,012</b>	<b>\$(125,486,040)</b>	<b>\$(25,392,371)</b>

UCF Academic Health, Inc.	Total Direct Support Organizations	Other Central Florida Clinical Practice Organization Inc.	Total
\$ 3,579,269	\$ 153,554,392	\$ 8,862,435	\$ 162,416,827
(1,666,667)	(8,789,395)	(21,659)	(8,811,054)
(485,780)	(154,388,011)	(5,324,931)	(159,712,942)
1,426,822	(9,623,014)	3,515,845	(6,107,169)
999,989	34,734,003	-	34,734,003
-	(8,825,192)	-	(8,825,192)
(1,795,033)	(2,413,393)	(207,654)	(2,621,047)
(795,044)	23,495,418	(207,654)	23,287,764
-	(7,565,693)	-	(7,565,693)
631,778	6,306,711	3,308,191	9,614,902
15,137,000	283,101,591	6,603,706	289,705,297
-	1,877,022	-	1,877,022
15,137,000	284,978,613	6,603,706	291,582,319
\$ 15,768,778	\$ 291,285,324	\$ 9,911,897	\$301,197,221

(1) Adjusted beginning net position due to implementation of GASB 87.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

	2021	2020	2019	2018	2017
University's proportion of the total other postemployment benefits liability	3.894895289%	3.804765461%	3.159978606%	2.780000000%	2.780000000%
University's proportionate share of the total other postemployment benefits liability	\$ 410,546,760	\$ 391,512,085	\$ 399,997,974	\$ 293,333,000	\$ 300,512,000
University's covered-employee payroll	\$ 445,408,636	\$ 454,818,440	\$ 439,921,546	\$ 418,056,891	\$ 396,397,337
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	92.17%	86.08%	90.92% 	70.17%	75.81%

DRAFT

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

	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>
University's proportion of the FRS net pension liability	0.611058374%	0.648369723%	0.654337567%	0.640568432%
University's proportionate share of the FRS net pension liability	\$ 46,158,515	\$281,012,993	\$225,344,748	\$ 192,942,532
University's covered payroll (2)	\$ 445,408,636	\$454,818,440	\$439,921,546	\$ 418,056,891
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	10.36%	61.79%	51.22%	46.15%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.40%	78.85%	82.61%	84.26%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

**Schedule of University Contributions – Florida Retirement System Pension Plan**

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
Contractually required FRS contribution	\$ 27,577,190	\$ 23,278,684	\$ 21,542,453	\$ 20,289,186
FRS contributions in relation to the contractually required contribution	<u>(27,577,190)</u>	<u>(23,278,684)</u>	<u>(21,542,453)</u>	<u>(20,289,186)</u>
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
University's covered payroll (2)	\$ 458,781,389	\$ 445,408,636	\$ 454,818,440	\$ 439,921,546
FRS contributions as a percentage of covered payroll	6.01%	5.23%	4.74%	4.61%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.596715076%	0.559865856%	0.538161499%	0.484303900%	0.360374086%
\$ 176,504,316	\$141,366,568	\$ 69,510,775	\$ 29,549,660	\$ 62,036,419
\$ 396,397,337	\$364,535,289	\$ 333,695,268	\$305,107,256	\$ 289,894,138
44.54%	38.78%	20.83%	9.69%	21.40%
83.89%	84.88%	92.00%	96.09%	88.54%

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
\$18,255,686	\$15,533,963	\$13,653,222	\$ 13,120,834	\$10,608,311
<u>(18,255,686)</u>	<u>(15,533,963)</u>	<u>(13,653,222)</u>	<u>(13,120,834)</u>	<u>(10,608,311)</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$418,056,891	\$ 396,397,337	\$ 364,535,289	\$333,695,268	\$ 305,107,256
4.37%	3.92%	3.75%	3.93%	3.48%

**Schedule of the University's Proportionate Share of the Net Pension Liability –  
Health Insurance Subsidy Pension Plan**

	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>
University's proportion of the HIS net pension liability	0.521414055%	0.547943658%	0.538876355%	0.532468436%
University's proportionate share of the HIS net pension liability	\$ 63,959,273	\$ 66,903,028	\$ 60,294,871	\$ 56,357,057
University's covered payroll (2)	\$ 179,946,356	\$ 187,973,508	\$ 162,822,905	\$ 167,400,707
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.54%	35.59%	35.93%	33.67%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.56%	3.00%	2.63%	2.15%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

**Schedule of University Contributions – Health Insurance Subsidy Pension Plan**

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>
Contractually required HIS contribution	\$ 3,194,911	\$ 3,064,876	\$ 3,157,543	\$ 2,992,328
HIS contributions in relation to the contractually required HIS contribution	<u>(3,194,911)</u>	<u>(3,064,876)</u>	<u>(3,157,543)</u>	<u>(2,992,328)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 191,812,204	\$ 179,946,356	\$ 187,973,508	\$ 167,822,905
HIS contributions as a percentage of covered payroll	1.67%	1.70%	1.68%	1.78%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
0.529705387%	0.499690735%	0.469662225%	0.430757459%	0.415357381%
\$ 56,638,544	\$ 58,236,885	\$ 47,898,159	\$ 40,276,874	\$ 36,162,321
\$ 166,665,368	\$ 153,090,572	\$ 140,702,712	\$ 127,489,508	\$ 122,964,996
33.98%	38.04%	34.04%	31.59%	29.41%
1.64%	0.97%	0.50%	0.99%	1.78%

<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
\$ 2,887,590	\$ 2,803,354	\$2,561,234	\$ 1,795,341	\$1,475,630
<u>(2,887,590)</u>	<u>(2,803,354)</u>	<u>(2,561,234)</u>	<u>(1,795,341)</u>	<u>(1,475,630)</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 167,400,707	\$ 166,665,368	\$153,090,572	\$ 140,702,712	\$ 127,489,508
1.72%	1.68%	1.67%	1.28%	1.16%



**1. Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability**

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

*Changes of Assumptions:* The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate decreased from 2.66 percent to 2.18 percent.

In addition, retirement, termination, disability, and salary scale increase rates were updated based on those used in Milliman's July 1, 2019, actuarial valuation of the Florida Retirement System. The retiree medical election percentage was also updated to align with plan experience from 2016 through 2020. Refer to Note 12. To the financial statements for further detail.

**2. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan**

*Changes of Assumptions.* In 2021, the maximum amortization period was decreased to 20 years for all current and future amortization bases.

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

*Changes of Assumptions.* In 2021, the municipal rate used to determine total pension liability decreased from 2.21 percent to 2.16 percent.





# Board of Trustees

## Agenda Memo

The structured investment portfolio experienced quarterly net gains totaling \$10,159,550. This includes \$8,147,456 in unrealized gains plus net interest and dividend income of \$2,012,094.

**Recommended Action:**

For information only.

**Alternatives to Decision:**

N/A

**Fiscal Impact and Source of Funding:**

N/A

**Authority for Board of Trustees Action:**

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

---

**Contract Reviewed/Approved by General Counsel** ☐ N/A ☒

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

**Submitted by:**

Gerald Hector, Senior Vice President for Administration and Finance

**Supporting Documentation:**

Attachment A: University Investment Report – 2nd Quarter, Ended December 31, 2022

**Facilitators/Presenters:**

Gerald Hector

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

Investment Performance Review  
Period Ending December 31, 2022

# University of Central Florida Board Summary Report

---



## Asset Allocation and Performance

	Allocation		Performance(%)						
	Market Value \$	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
<b>Total Fund (Net)</b>	<b>345,928,203</b>	<b>100.00</b>	<b>3.27</b>	<b>0.01</b>	<b>-9.93</b>	<b>1.93</b>	<b>3.36</b>	<b>3.86</b>	<b>04/01/2010</b>
SPIA (Net)			0.35	0.63	1.55	1.72	1.98	1.81	
<b>Total Fund (Gross)</b>	<b>345,928,203</b>	<b>100.00</b>	<b>3.27</b>	<b>0.02</b>	<b>-9.89</b>	<b>1.98</b>	<b>3.42</b>	<b>3.95</b>	<b>04/01/2010</b>
<b>Pool I</b>	<b>20,000,000</b>	<b>5.78</b>							
Pool I Policy			0.87	1.33	1.50	0.71	1.25	0.60	
<b>Pool II</b>	<b>54,405,814</b>	<b>15.73</b>	<b>0.88</b>	<b>0.79</b>	<b>-0.12</b>	<b>0.70</b>	<b>1.45</b>	<b>0.88</b>	<b>04/01/2010</b>
Pool II Policy			0.78	0.52	-0.41	0.36	1.14	0.67	
<b>Pool III</b>	<b>149,354,581</b>	<b>43.18</b>	<b>1.95</b>	<b>-0.56</b>	<b>-7.26</b>	<b>1.02</b>	<b>2.49</b>	<b>3.26</b>	<b>04/01/2010</b>
Pool III Policy			2.10	-0.54	-7.12	0.77	2.25	2.98	
<b>Pool IV</b>	<b>122,167,808</b>	<b>35.32</b>	<b>5.95</b>	<b>0.27</b>	<b>-16.51</b>	<b>3.61</b>	<b>5.49</b>	<b>7.64</b>	<b>04/01/2010</b>
Pool IV Policy			6.40	0.53	-15.88	3.20	5.16	7.62	



Comparative Performance Trailing Returns													
	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Pool II	0.88	(N/A)	0.79	(N/A)	-0.12	(N/A)	0.70	(N/A)	1.45	(N/A)	0.88	(N/A)	04/01/2010
Pool II Policy	0.78	(N/A)	0.52	(N/A)	-0.41	(N/A)	0.36	(N/A)	1.14	(N/A)	0.67	(N/A)	
IM U.S. Cash Fixed Income (SA+CF) Median	N/A		N/A		N/A		N/A		N/A		N/A		
Galliard (Pool II)	0.88	(N/A)	0.79	(N/A)	-0.12	(N/A)	0.70	(N/A)	1.45	(N/A)	0.88	(N/A)	04/01/2010
Pool II Policy	0.78	(N/A)	0.52	(N/A)	-0.41	(N/A)	0.36	(N/A)	1.14	(N/A)	0.67	(N/A)	
IM U.S. Cash Fixed Income (SA+CF) Median	N/A		N/A		N/A		N/A		N/A		N/A		



## Comparative Performance Trailing Returns

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
<b>Pool III (Net)</b>	<b>1.94</b>	<b>-0.58</b>	<b>-7.31</b>	<b>0.96</b>	<b>2.42</b>	<b>3.17</b>	<b>04/01/2010</b>
Pool III Policy	2.10	-0.54	-7.12	0.77	2.25	2.98	
<b>Pool III (Gross)</b>	<b>1.95</b>	<b>-0.56</b>	<b>-7.26</b>	<b>1.02</b>	<b>2.49</b>	<b>3.26</b>	<b>04/01/2010</b>
Pool III Policy	2.10	-0.54	-7.12	0.77	2.25	2.98	
<b>Pool III - Domestic Equity</b>	<b>7.55 (59)</b>	<b>2.29 (67)</b>	<b>-18.14 (57)</b>	<b>7.64 (37)</b>	<b>9.40 (26)</b>	<b>11.50 (N/A)</b>	<b>04/01/2010</b>
Pool III Equity Policy	7.56 (58)	2.31 (67)	-18.11 (56)	7.66 (37)	9.42 (25)	12.10 (N/A)	
IM U.S. Equity (SA+CF+MF) Median	8.62	4.15	-16.41	6.76	7.81	N/A	
<b>Pool III - Fixed Income</b>	<b>1.08 (N/A)</b>	<b>-1.02 (N/A)</b>	<b>-5.19 (N/A)</b>	<b>-0.47 (N/A)</b>	<b>1.02 (N/A)</b>	<b>1.60 (N/A)</b>	<b>04/01/2010</b>
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	1.07 (N/A)	-1.22 (N/A)	-5.34 (N/A)	-0.72 (N/A)	0.77 (N/A)	1.29 (N/A)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	N/A	N/A	N/A	N/A	N/A	N/A	



	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
<b>Domestic Equity</b>							
Vanguard Instl (Pool III)	7.55 (15)	2.29 (12)	-18.14 (12)	7.64 (9)	9.40 (6)	11.70 (3)	07/01/2013
S&P 500 Index	7.56 (8)	2.31 (3)	-18.11 (3)	7.66 (3)	9.42 (1)	11.73 (1)	
IM S&P 500 Index (MF) Median	7.46	2.15	-18.38	7.31	9.07	11.30	
<b>Fixed Income</b>							
Galliard (Pool III)	1.14 (N/A)	-0.92 (N/A)	-5.47 (N/A)	-0.46 (N/A)	1.08 (N/A)	1.68 (N/A)	04/01/2010
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	1.07 (N/A)	-1.22 (N/A)	-5.34 (N/A)	-0.72 (N/A)	0.77 (N/A)	1.29 (N/A)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	N/A	N/A	N/A	N/A	N/A	N/A	
Sawgrass (Pool III)	1.00 (N/A)	-1.16 (N/A)	-4.80 (N/A)	-0.49 (N/A)	0.96 (N/A)	1.50 (N/A)	04/01/2010
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	1.07 (N/A)	-1.22 (N/A)	-5.34 (N/A)	-0.72 (N/A)	0.77 (N/A)	1.29 (N/A)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	N/A	N/A	N/A	N/A	N/A	N/A	





## Comparative Performance Trailing Returns

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
<b>Pool IV (Net)</b>	<b>5.95</b>	<b>0.27</b>	<b>-16.54</b>	<b>3.57</b>	<b>5.45</b>	<b>7.52</b>	<b>04/01/2010</b>
Pool IV Policy	6.40	0.53	-15.88	3.20	5.16	7.62	
<b>Pool IV (Gross)</b>	<b>5.95</b>	<b>0.27</b>	<b>-16.51</b>	<b>3.61</b>	<b>5.49</b>	<b>7.64</b>	<b>04/01/2010</b>
Pool IV Policy	6.40	0.53	-15.88	3.20	5.16	7.62	
<b>Pool IV - Total Equity</b>	<b>8.80</b>	<b>2.39</b>	<b>-19.29</b>	<b>5.98</b>	<b>7.69</b>	<b>10.03</b>	<b>04/01/2010</b>
Pool IV Equity Policy	8.71	2.17	-17.78	5.92	7.50	10.27	
<b>Pool IV - Domestic Equity</b>	<b>7.55 (59)</b>	<b>2.29 (67)</b>	<b>-18.14 (57)</b>	<b>7.64 (37)</b>	<b>9.40 (26)</b>	<b>11.54 (N/A)</b>	<b>04/01/2010</b>
Pool IV Domestic Equity Policy	7.56 (58)	2.31 (67)	-18.11 (56)	7.66 (37)	9.42 (25)	12.10 (N/A)	
IM U.S. Equity (SA+CF+MF) Median	8.62	4.15	-16.41	6.76	7.81	N/A	
<b>Pool IV - International Equity</b>	<b>13.79 (54)</b>	<b>3.16 (50)</b>	<b>-22.73 (67)</b>	<b>-0.16 (51)</b>	<b>1.53 (30)</b>	<b>4.49 (40)</b>	<b>04/01/2010</b>
MSCI AC World ex USA	14.37 (50)	3.16 (50)	-15.57 (33)	0.53 (40)	1.36 (33)	4.24 (47)	
IM International Equity (MF) Median	14.28	3.14	-18.96	-0.14	0.43	4.08	
<b>Pool IV - Fixed Income</b>	<b>2.23 (N/A)</b>	<b>-2.54 (N/A)</b>	<b>-12.24 (N/A)</b>	<b>-1.76 (N/A)</b>	<b>0.77 (N/A)</b>	<b>2.79 (N/A)</b>	<b>04/01/2010</b>
Pool IV Fixed Income Policy	1.87 (N/A)	-2.97 (N/A)	-13.01 (N/A)	-2.71 (N/A)	0.02 (N/A)	2.12 (N/A)	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	N/A	N/A	N/A	N/A	N/A	N/A	

Pool IV Policy: Prior to 7/1/2015: 30% BC Agg, 5% BC TIPS, 50% S&P500, 15% MSCI ACWxUS; 7/1/2015 to 11/30/2022: 50% S&P500, 15% MSCI ACWxUS, 35% BC Agg

; 12/1/2022 to present: 55% S&P500, 10% MSCI ACWxUS, 35% BC Agg

Pool IV Equity Policy: Prior to 12/1/2022: 77% S&P500, 23% MSCI ACWxUS; 12/1/2022 to present: 85% S&P500, 15% MSCI ACWxUS;

Pool IV Domestic Equity Policy: 100% S&P500

Pool IV Fixed Policy: Prior to 7/1/2015: 86% BC Agg, 14% BC TIPS; 7/1/2015 to present: 100% BC Agg

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



# Comparative Performance

## Pool IV

As of December 31, 2022

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
<b>Domestic Equity</b>							
Vanguard Instl (Pool IV)	7.55 (15)	2.29 (12)	-18.14 (12)	7.64 (9)	9.40 (6)	11.70 (3)	07/01/2013
S&P 500 Index	7.56 (8)	2.31 (3)	-18.11 (3)	7.66 (3)	9.42 (1)	11.73 (1)	
IM S&P 500 Index (MF) Median	7.46	2.15	-18.38	7.31	9.07	11.30	
<b>International Equity</b>							
Europacific Growth (Pool IV)	13.79 (92)	3.16 (76)	-22.73 (98)	-0.16 (71)	1.53 (28)	5.08 (11)	04/01/2010
MSCI AC World ex USA	14.37 (89)	3.16 (76)	-15.57 (59)	0.53 (52)	1.36 (33)	4.24 (40)	
IM International Multi-Cap Core Equity (MF) Median	16.91	4.77	-15.14	0.57	0.99	4.08	
<b>Fixed Income</b>							
Galliard Broad (Pool IV)	2.03 (N/A)	-3.00 (N/A)	-12.77 (N/A)	-2.03 (N/A)	0.62 (N/A)	2.77 (N/A)	04/01/2010
Blmbg. U.S. Aggregate Index	1.87 (N/A)	-2.97 (N/A)	-13.01 (N/A)	-2.71 (N/A)	0.02 (N/A)	2.12 (N/A)	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	N/A	N/A	N/A	N/A	N/A	N/A	
Dodge & Cox Income (Pool IV)	2.76 (3)	-1.35 (5)	-10.87 (7)	-1.13 (5)	1.12 (2)	1.85 (1)	11/01/2014
Blmbg. U.S. Aggregate Index	1.87 (35)	-2.97 (43)	-13.01 (21)	-2.71 (50)	0.02 (42)	0.93 (42)	
IM U.S. Broad Market Core Fixed Income (MF) Median	1.71	-3.05	-13.67	-2.72	-0.07	0.86	

Pool IV Policy: Prior to 7/1/2015: 30% BC Agg, 5% BC TIPS, 50% S&P500, 15% MSCI ACWxUS; 7/1/2015 to 11/30/2022: 50% S&P500, 15% MSCI ACWxUS, 35% BC Agg

; 12/1/2022 to present: 55% S&P500, 10% MSCI ACWxUS, 35% BC Agg

Pool IV Equity Policy: Prior to 12/1/2022: 77% S&P500, 23% MSCI ACWxUS; 12/1/2022 to present: 85% S&P500, 15% MSCI ACWxUS;

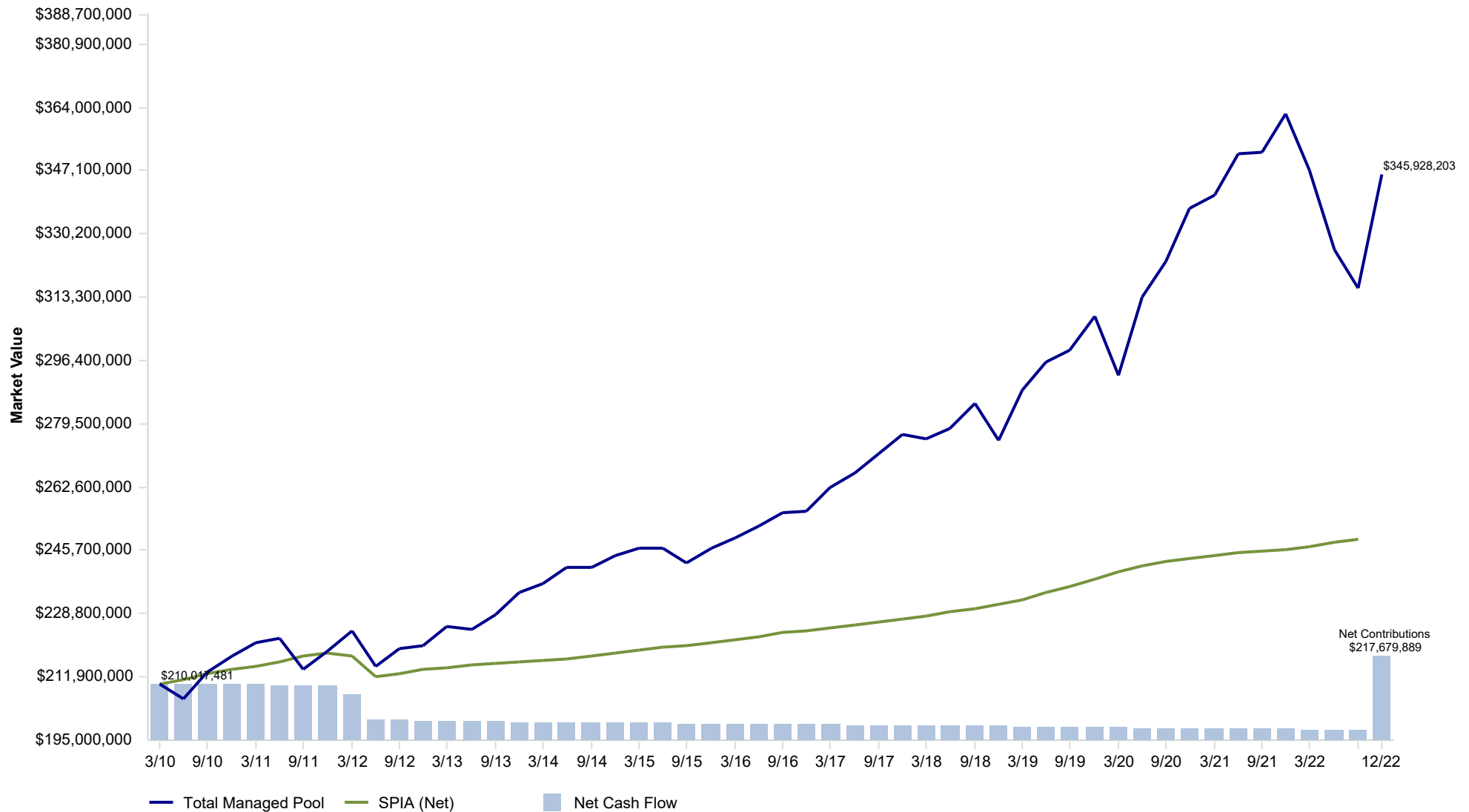
Pool IV Domestic Equity Policy: 100% S&P500

Pool IV Fixed Policy: Prior to 7/1/2015: 86% BC Agg, 14% BC TIPS; 7/1/2015 to present: 100% BC Agg

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

**Schedule of Investable Assets**  
**Total Managed Pool**  
Since Inception Ending December 31, 2022

**Schedule of Investable Assets**



**Schedule of Investable Assets**

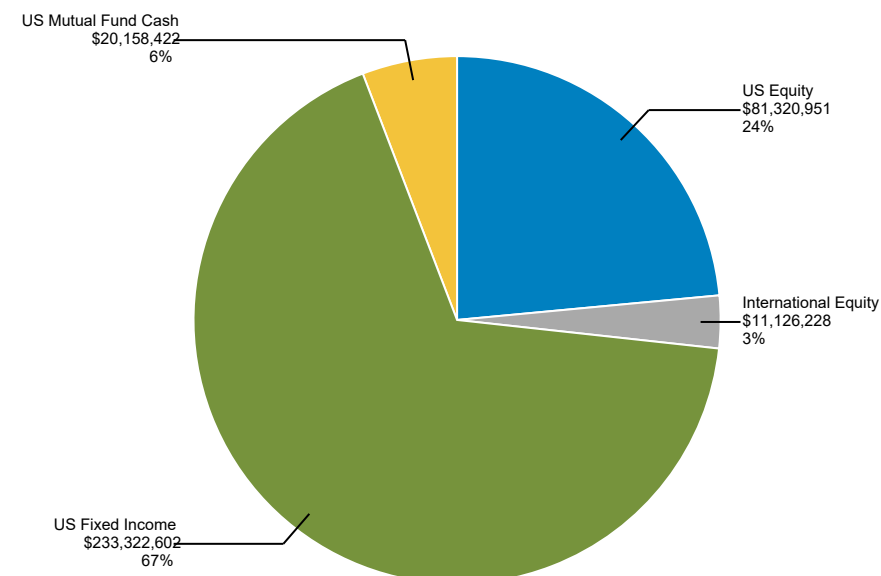
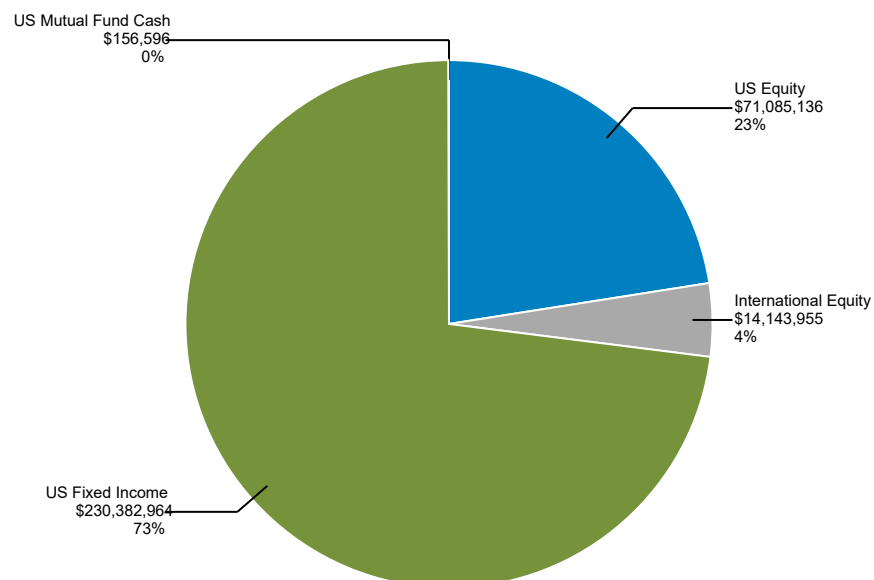
Periods Ending	Beginning Market Value	Net Cash Flow	Gain/Loss	Ending Market Value	Return %
Inception	\$210,017,481	\$7,662,409	\$128,248,314	\$345,928,203	3.95

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



September 30, 2022 : \$315,768,652

December 31, 2022 : \$345,928,203

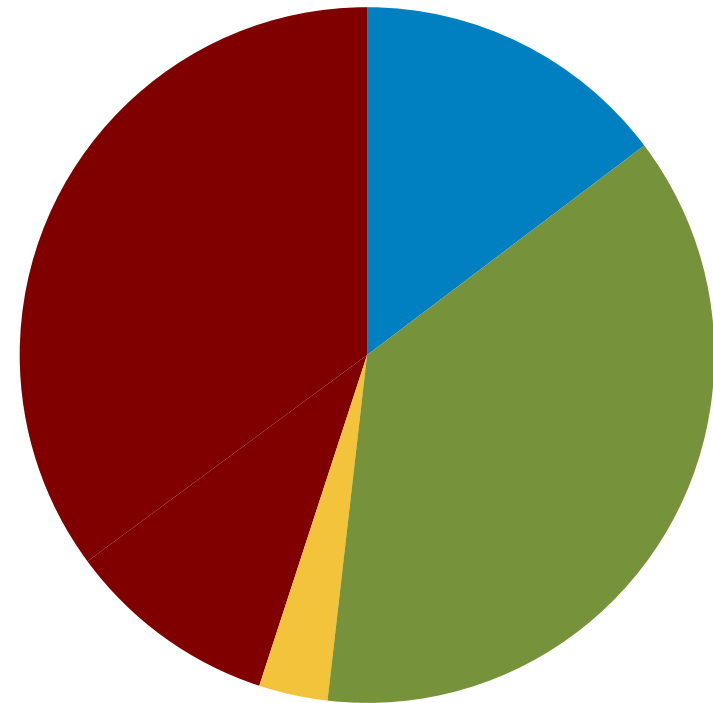
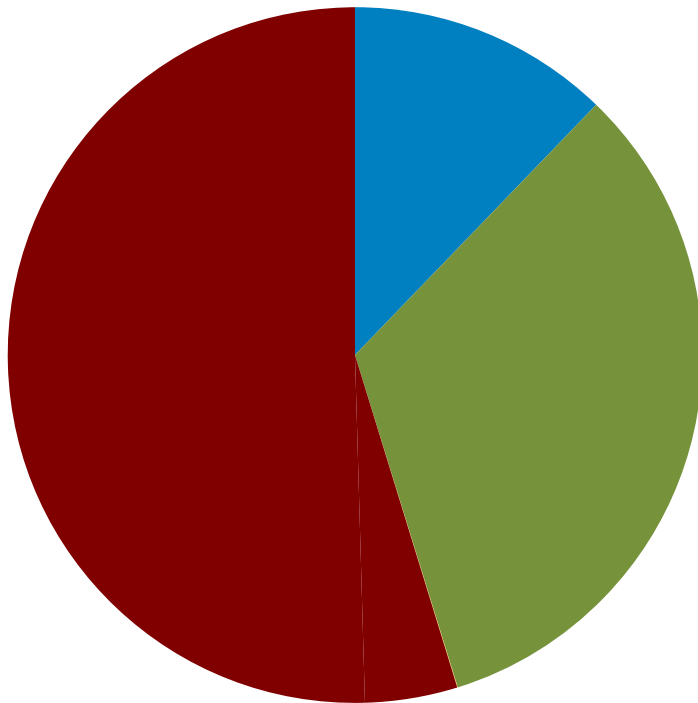


Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
US Equity	71,085,136	22.5	US Equity	81,320,951	23.5
International Equity	14,143,955	4.5	International Equity	11,126,228	3.2
US Fixed Income	230,382,964	73.0	US Fixed Income	233,322,602	67.4
US Mutual Fund Cash	156,596	0.0	US Mutual Fund Cash	20,158,422	5.8



September 30, 2022 : \$697,917,748

December 31, 2022 : \$628,696,385



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Equity	85,229,092	12.2	Equity	92,447,179	14.7
Fixed Income	230,382,964	33.0	Fixed Income	233,322,602	37.1
Mutual Fund Cash	156,596	0.0	Mutual Fund Cash	20,158,422	3.2
Bank of America	30,025,030	4.3	Bank of America	62,084,881	9.9
SPIA	352,124,066	50.5	SPIA	220,683,301	35.1



**Financial Reconciliation**  
**Total Managed Pool**  
**1 Quarter Ending December 31, 2022**

Financial Reconciliation Quarter to Date									
	Market Value 10/01/2022	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 12/31/2022
<b>Pool I</b>	-	-	20,000,000	-	-	-	-	-	20,000,000
Fidelity MM (Pool I)	-	-	20,000,000	-	-	-	-	-	20,000,000
<b>Pool II</b>	53,930,972	-	-	-	-	-	283,963	190,880	54,405,814
Galliard (Pool II)^	53,930,972	-	-	-	-	-	283,963	190,880	54,405,814
<b>Pool III</b>	146,513,518	-	-	-	-9,495	-	869,458	1,981,099	149,354,581
<b>Pool III - Fixed</b>	126,832,645	-	-	-	-9,495	-	766,858	599,661	128,189,669
Galliard (Pool III)	72,569,361	-	-	-	-	-	496,803	329,129	73,395,293
Sawgrass (Pool III)	54,263,284	-	-	-	-9,495	-	270,055	270,531	54,794,376
<b>Pool III - Dom Equity</b>	19,654,312	-	-	-	-	-	102,373	1,381,438	21,138,123
Vanguard Instl (Pool III)	19,654,312	-	-	-	-	-	102,373	1,381,438	21,138,123
<b>Pool III - Mutual Fund Cash</b>	26,561	-	-	-	-	-	227	-	26,789
<b>Pool IV</b>	115,324,162	-	-	-	-	-	868,169	5,975,477	122,167,808
<b>Pool IV - Fixed</b>	49,619,347	-	-	-	-	-	413,714	694,057	50,727,119
Galliard Broad (Pool IV)	35,618,283	-	-	-	-	-	295,478	426,527	36,340,288
Dodge & Cox Income (Pool IV)	14,001,064	-	-	-	-	-	118,236	267,531	14,386,831
<b>Pool IV - Dom Equity</b>	51,430,825	5,000,000	-	-	-	-	291,468	3,460,535	60,182,828
Vanguard Instl (Pool IV)	51,430,825	5,000,000	-	-	-	-	291,468	3,460,535	60,182,828
<b>Pool IV - Int'l Equity</b>	14,143,955	-5,000,000	-	-	-	-	161,388	1,820,884	11,126,228
Europacific (Pool IV)	14,143,955	-5,000,000	-	-	-	-	161,388	1,820,884	11,126,228
<b>Pool IV - Mutual Fund Cash</b>	130,035	-	-	-	-	-	1,599	-	131,634
<b>Total Managed Pool</b>	315,768,652	-	20,000,000	-	-9,495	-	2,021,589	8,147,456	345,928,203



**Financial Reconciliation**  
**Total Managed Pool**  
July 1, 2022 To December 31, 2022

Financial Reconciliation Fiscal Year to Date									
	Market Value 07/01/2022	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 12/31/2022
<b>Pool I</b>	-	-	20,000,000	-	-	-	-	-	20,000,000
Fidelity MM (Pool I)	-	-	20,000,000	-	-	-	-	-	20,000,000
<b>Pool II</b>	53,988,992	-	-	-	-	-8,491	501,258	-75,945	54,405,814
Galliard (Pool II)^	53,988,992	-	-	-	-	-8,491	501,258	-75,945	54,405,814
<b>Pool III</b>	150,243,674	-	27	-	-19,200	-22,174	1,652,274	-2,500,020	149,354,581
<b>Pool III - Fixed</b>	129,549,517	-	-	-	-19,200	-19,339	1,458,999	-2,780,307	128,189,669
Galliard (Pool III)	74,087,540	-	-	-	-	-12,229	928,367	-1,608,385	73,395,293
Sawgrass (Pool III)	55,461,976	-	-	-	-19,200	-7,110	530,632	-1,171,923	54,794,376
<b>Pool III - Dom Equity</b>	20,664,924	-	-	-	-	-	192,906	280,293	21,138,123
Vanguard Instl (Pool III)	20,664,924	-	-	-	-	-	192,906	280,293	21,138,123
<b>Pool III - Mutual Fund Cash</b>	29,233	-	27	-	-	-2,835	369	-5	26,789
<b>Pool IV</b>	121,875,992	-	81	-	-	-20,440	1,496,957	-1,184,783	122,167,808
<b>Pool IV - Fixed</b>	52,058,247	-	-	-	-	-9,017	804,938	-2,127,050	50,727,119
Galliard Broad (Pool IV)	37,474,688	-	-	-	-	-9,017	572,913	-1,698,295	36,340,288
Dodge & Cox Income (Pool IV)	14,583,560	-	-	-	-	-	232,025	-428,754	14,386,831
<b>Pool IV - Dom Equity</b>	54,075,366	5,000,000	-	-	-	-	528,373	579,089	60,182,828
Vanguard Instl (Pool IV)	54,075,366	5,000,000	-	-	-	-	528,373	579,089	60,182,828
<b>Pool IV - Int'l Equity</b>	15,601,662	-5,000,000	-	-	-	-	161,388	363,178	11,126,228
Europacific (Pool IV)	15,601,662	-5,000,000	-	-	-	-	161,388	363,178	11,126,228
<b>Pool IV - Mutual Fund Cash</b>	140,717	-	81	-	-	-11,423	2,258	-	131,634
<b>Total Managed Pool</b>	326,108,658	-	20,000,108	-	-19,200	-51,105	3,650,490	-3,760,748	345,928,203



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

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

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

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

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

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

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



	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Fidelity MM*	0.21	20,000,000	42,000	0.21 % of Assets
<b>Pool I</b>	<b>0.21</b>	<b>20,000,000</b>	<b>42,000</b>	
Galliard	0.10	54,405,814	54,406	0.10 % of Assets
<b>Pool II</b>	<b>0.10</b>	<b>54,405,814</b>	<b>54,406</b>	
Galliard	0.10	73,395,293	73,395	0.10 % of Assets
Sawgrass	0.07	54,794,376	38,356	0.07 % of Assets
<b>Pool III - Fixed Income</b>	<b>0.09</b>	<b>128,189,669</b>	<b>111,751</b>	
Vanguard Institutional Index*	0.03	21,138,123	7,398	0.04 % of Assets
<b>Pool III - Domestic Equity</b>	<b>0.03</b>	<b>21,138,123</b>	<b>7,398</b>	
Mutual Fund Cash*	0.21	26,789	56	0.21 % of Assets
<b>Pool III</b>	<b>0.08</b>	<b>149,354,581</b>	<b>119,206</b>	
Galliard Broad	0.20	36,340,288	72,681	0.20 % of Assets
Dodge & Cox Income*	0.42	14,386,831	60,425	0.42 % of Assets
<b>Pool IV - Fixed Income</b>	<b>0.26</b>	<b>50,727,119</b>	<b>133,105</b>	
Vanguard Institutional Index*	0.04	60,182,828	21,064	0.04 % of Assets
<b>Pool IV - Domestic Equity</b>	<b>0.04</b>	<b>60,182,828</b>	<b>21,064</b>	
Europacific Growth*	0.46	11,126,228	51,181	0.46 % of Assets
<b>Pool IV - International Equity</b>	<b>0.46</b>	<b>11,126,228</b>	<b>51,181</b>	
Mutual Fund Cash*	0.21	131,634	276	0.21 % of Assets
<b>Pool IV</b>	<b>0.17</b>	<b>122,167,808</b>	<b>205,626</b>	
<b>Total Managed Pool</b>	<b>0.12</b>	<b>345,928,203</b>	<b>421,238</b>	

\*Audited expense ratio.

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

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



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



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

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

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

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

Additional information included in this document may contain data provided by from index databases, public economic sources and the managers themselves.

This document may contain data provided by Bloomberg Barclays. Bloomberg Barclays Index data provided by way of Barclays Live.

This document may contain data provided by Standard and Poor's. Nothing contained within any document, advertisement or presentation from S&P Indices constitutes an offer of services in jurisdictions where S&P Indices does not have the necessary licenses. All information provided by S&P Indices is impersonal and is not tailored to the needs of any person, entity or group of persons. Any returns or performance provided within any document is provided for illustrative purposes only and does not demonstrate actual performance. Past performance is not a guarantee of future investment results.

This document may contain data provided by MSCI, Inc. Copyright MSCI, 2017. Unpublished. All Rights Reserved. This information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. This information is provided on an "as is" basis and the user of this information assumes the entire risk of any use it may make or permit to be made of this information. Neither MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information makes any express or implied warranties or representations with respect to such information or the results to be obtained by the use thereof, and MSCI, its affiliates and each such other person hereby expressly disclaim all warranties (including, without limitation, all warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information have any liability for any direct, indirect, special, incidental, punitive, consequential or any other damages (including, without limitation, lost profits) even if notified of, or if it might otherwise have anticipated, the possibility of such damages.

This document may contain data provided by Russell Investment Group. Russell Investment Group is the source owner of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a user presentation of the data. Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in presentation thereof.

This document may contain data provided by Morningstar. All rights reserved. Use of this content requires expert knowledge. It is to be used by specialist institutions only. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is not guarantee of future results.



**Clients first.**



CHICAGO | CLEVELAND | DALLAS | DETROIT | ORLANDO | PITTSBURGH | RENO

**AndCo Consulting** | (844) 44-ANDCO | *AndCoConsulting.com*

**Board of Trustees**  
**Budget and Finance Committee | February 23, 2023**

### **INFO-2: University Operating Budget Report – 2nd Quarter, Ended December 31, 2022**

---

☒ **Information**      ☐ **Discussion**      ☐ **Action**

Meeting Date for Upcoming Action:                     N/A                    

#### **Purpose and Issues to be Considered:**

This item provides the fiscal year 2022-23 (FY23) quarter ending December 31, 2022, operating financials budget-to-actual results and year-over-year comparisons to fiscal year 2021-22 (FY22).

The approved annual budget reflects \$2.1 billion in revenues with the most significant contributing source being Local Funds. They contributed slightly more than one third, Education & General (E&G) contributed approximately one third, and Contracts & Grants (which includes Federal Higher Education Emergency Relief Funds or HEERF), Auxiliary Services and Faculty Practice Plan combined filling out just under one third. After the second quarter of operations, actual revenues are \$1.1 billion or 52.43% of budget. Expenditures are \$842.0 million or 40.29% of the annual budget. The two combined generated a surplus of \$238.9 million. Compared to prior year actual results, revenues are down 11.53% and expenditures are down 12.59%. Results for individual budget entities and variables are described in further detail below.

#### **Background Information:**

This section of our quarterly reports will provide updates on the conversion of our financial systems here at the University. On July 1, 2022 we went live with the Workday ERP system. The main tenets of that conversion were (i) pay our people, (ii) pay our bills, (iii) close our books, and (iv) hire our people. We are pleased to report that we have made significant progress on all four and continue to get better as the campus as a whole learns the system, its functionality, and also the ways we can use it better to automate all that we do around our financial and administrative management.

A key component of the university's desire to have all entities on one platform to allow for us to manage all the income, revenue and balance sheet items in one cogent and compact system. We have achieved that, but there are transactions that we continue to monitor in how the system treats them. As a part of the Workday ERP system all ten DSOs have been brought under one umbrella, but they each have their own companies, and retain their own sets of books. This combination has allowed us to now have a full picture of all entities that have financial relationships with the main UCF university and its Board of Trustees.

As with change and transition of this size and scope, there are some learning curve items that we must get corrected and addressed over the course of the first one to two years. The report presented, and the accompanying narrative that follows, is an attempt to keep the BOT apprised of where we are financially as we continue to work on the conversion and other issues that have been discovered. For the main university, there are no material items of concern, but prudence dictates that we call these out for you as board members so that you can also be comfortable that the issues are identified and that there is a plan in place to address them as we progress to the closing of our fiscal year. For example the scholarship expense is one that is adjusted "top side" into this report until we can get them housed

in their correct “budget entity”. This system conversion is the first for UCF in almost a quarter century; however, this new system and the business processes that encompass it will make our ability to manage UCF (including DSOs and other units) in a more nimble and efficient manner, while adding new levels of reviews and internal controls.

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

E&G Main: Actual revenues were \$401.4 million or 60.71% of total budgeted revenues and an increase from prior year of \$1.1 million or 0.27%. No material revenue variances. Actual expenditures were \$299.7 million or 45.33% of total budgeted expenditures and a decrease of \$2.0 million or 0.67% from prior year. There were no significant variances in actual revenues or expenditures compared to prior year. The remaining expenditure budget is \$361.5 million of which \$241.8 million is encumbered (primarily, salaries of \$223.4 million) or 66.9% resulting in non-encumbered budget balance of \$119.7 million. University leadership continues to stress utilizing E&G funds first over all other less restrictive funding sources.

E&G COM: Actual revenues were \$27.4 million or 56.95% of total budgeted revenues and a decrease from prior year of \$0.2 million or 0.74%. Actual expenditures were \$19.8 million or 41.08% of total budgeted expenditures and a decrease of \$0.6 million or 2.84% from prior year. There were no significant variances in actual revenues or expenditures compared to prior year. The remaining expenditure budget is \$28.4 million of which \$19.0 million is encumbered (primarily, salaries of \$18.3 million) or 66.9% resulting in non-encumbered budget balance of \$9.4 million.

E&G FCSUA: Actual revenues were \$4.5 million or 50.00% of total budgeted revenues and equal to the prior year. Actual expenditures were \$2.8 million or 30.87% of total budgeted expenditures and an increase of \$0.9 million or 52.37% from prior year. The increase in expenditures is due to an increase in Florida Postsecondary Comprehensive Transition Program Scholarships. The budget utilization rate of 30.87% is primarily the result of timing related to scholarships.

**Contracts and Grants (C&G).** The C&G budget primarily consists of research activities that are funded by federal, state, local, and private funds. Actual revenues were \$97.7 million or 32.28% of total budgeted revenues and a decrease from prior year of \$40.3 million or 29.22%. Actual expenditures were \$97.6 million or 33.03% of total budgeted expenditures and a decrease of \$36.5 million or 27.21% from prior year. Both revenue and expenditure decreases are primarily due to FY22 HEERF (primarily, recovery of lost revenues) and Arecibo telescope clean-up grants.

**Auxiliaries.** Auxiliary enterprises (auxiliaries) include those activities that are not instructional in nature but support the operation of the university. The primary auxiliary areas include Housing, Student Health Services, Parking Services, Computer Store, Telecommunications, Continuing Education, Dining Services, and the Bookstore. The auxiliaries must generate adequate revenue to cover their expenses and allow for future renovations, and building or equipment replacement, if applicable. Several auxiliaries are partially or wholly funded by student fees, including Student Health Services, Parking

Services, Material and Supply Fees, and Equipment Fees. The uses of certain auxiliary revenues are restricted by either state statute, BOG regulations, and/or bond covenants. They include the following auxiliaries: Housing (bonded facilities), Parking Services (bonded facilities), Distance Learning, Material and Supply Fees, Equipment Fees, and Administrative Auxiliaries (primarily funded by a charge to auxiliaries for costs borne by the central operations on their behalf). Housing and Parking Services restrictions will become unrestricted upon payoff of all bonded debt in 2042 and 2032, respectively. Actual auxiliary revenues were \$175.4 million or 59.55% of total budgeted revenues and reflected a decrease from prior year of \$45.0 million or 20.44%. Revenue decreases were primarily due to FY22 receipt of HEERF funding for lost revenues due to COVID (\$32.1 million) and decreased investment earnings (approximately \$8.4 million). Actual expenditures were \$124.2 million or 37.99% of total budgeted expenditures and an increase of \$7.5 million or 6.45% from prior year. The increase was primarily attributable to increases in utilities costs (\$4.8 million).

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

*Student Financial Aid (SFA):* The student financial aid budget largely represents scholarships, grants, and loan funds that are received by the university and subsequently disbursed to students. SFA accounts for \$604.6 million of the \$733.7 million Local Fund revenue budget and \$734.2 million Local Fund expenditure budget. SFA actual revenues were \$292.4 million (79.00% of total Local Fund actual revenues) and expenditures were \$231.8 million (78.95% of total Local Fund actual expenditures). Year-over year decreases in revenues and expenditures are primarily due to HEERF emergency student financial aids awards (\$75 million revenue and expenditure decrease). Additionally, changes in business processes due to Workday conversion reduced SFA transfer in revenues \$33.7 million from prior year. Prior to Workday, departments transferred funds to SFA (recorded as transfer in revenues in SFA) from other budget entities to fund student awards (recorded as transfer in revenues for SFA and transfer out expenses by other budget entities). Upon Workday implementation, we now record these student award expenses directly to the funding budget entity (e.g., transfers no longer required). Large disbursements of these funds occur at the beginning of the Fall and Spring semesters thus impacting budget utilization. The expenses in this budget will, therefore, not coincide with the months remaining in the year as the expenditure of these funds are not linear as the fiscal year progresses.

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

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

*Technology Fee:* The revenue from this fee will be used to enhance instructional technology resources for students and faculty. Technology Fee accounts for \$9.3 million of the \$733.7 million Local Fund



revenue budget and \$16.8 million of the \$734.2 million Local Fund expenditure budget. There were no significant budget variations or changes in revenues or expenditures.

**Intercollegiate Athletics:** Revenues are primarily derived from student athletic fees, ticket sales, and sales of other goods and services. For budgetary reporting to the BOG, Intercollegiate Athletics includes activities of the university direct support organization (DSO) the University of Central Florida Athletics Association (UCFAA). Intercollegiate Athletics accounts for \$91.5 million of the \$733.7 million Local Fund revenue budget and \$84.0 million of the \$734.2 million Local Fund expenditure budget. Actual revenues were \$41.5 million (11.24% of total Local Fund revenues) and expenditures were \$41.2 million (14.03% of total Local Fund expenditures). See DSO quarterly reports for a full overview of UCFAA activities and analysis.

**Faculty Practice Plan (FPP).** The FPP collects and distributes income from faculty billings for patient services to UCF Health to cover the cost of medical services. Actual revenues were \$4.4 million or 34.66% of total budgeted revenues and an increase from prior year of \$0.7 million or 19.72%. Actual expenditures were \$4.2 million or 29.15% of total budgeted expenditures and an increase of \$2.6 million or 164.98% from prior year. See DSO quarterly reports for a full overview of the Central Florida Clinical Practice Organization activities and analysis.

**Recommended Action:**

For information only.

**Alternatives to Decision:**

N/A

**Fiscal Impact and Source of Funding:**

N/A

**Authority for Board of Trustees Action:**

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

---

**Contract Reviewed/Approved by General Counsel** ☐ N/A ☒

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

**Submitted by:**

Gerald Hector, Senior Vice President for Administration and Finance

**Supporting Documentation:**

Attachment A: University Operating Budget Report – 2<sup>nd</sup> Quarter, Ended December 31, 2022

**Facilitators/Presenters:**

Gerald Hector

Danta White, Assistant Vice President for Administrative Affairs and University Controller



# Attachment A

## University of Central Florida Financial Update - University Summary Quarter Ended December 31, 2022 (50% of year)

	FY 2023 BOG Approved Budget	FY 2023 Actuals 12-31-2022	\$ Remaining Budget	% of Budget Used	Prior Year Actuals 12-31-2021	\$ Favorable/ (Unfavorable)	% Increase/ (Decrease)
<b>Revenues</b>							
E&G Main	661,142,391	401,360,962	259,781,429	60.71%	400,272,855	1,088,106	0.27%
E&G College of Medicine	48,138,526	27,412,956	20,725,570	56.95%	27,617,171	(204,216)	-0.74%
E&G Florida Center for Students with Unique Abilities	8,984,565	4,492,260	4,492,305	50.00%	4,492,260	-	0.00%
Contracts and Grants - Other Grants	239,078,959	74,077,700	165,001,259	30.98%	83,430,039	(9,352,339)	-11.21%
Contracts and Grants - HEERF	63,543,631	20,440,587	43,103,044	32.17%	39,828,433	(19,387,847)	-48.68%
Contracts and Grants - Arecibo		3,173,647	(3,173,647) -		14,756,393	(11,582,746)	-78.49%
Auxiliaries - Other Auxiliaries	294,445,682	175,351,876	119,093,806	59.55%	188,246,948	(12,895,072)	-6.85%
Auxiliaries - HEERF	-	-	-	0.00%	32,143,333	(32,143,333)	
Local Funds - Other Local Funds	733,022,776	369,509,092	363,513,684	50.41%	351,479,595	18,029,497	5.13%
Local Funds - HEERF	653,080	633,299	19,781	96.97%	75,902,206	(75,268,906)	-99.17%
Faculty Practice Plan (FPP)	12,600,805	4,367,936	8,232,869	34.66%	3,648,518	719,418	19.72%
<b>Total Revenues</b>	<b>2,061,610,415</b>	<b>1,080,820,315.22</b>	<b>980,790,100</b>	<b>52.43%</b>	<b>1,221,817,751</b>	<b>(140,997,436)</b>	<b>-11.54%</b>
<b>Expenditures</b>							
E&G Main	661,142,391	299,672,449	361,469,942	45.33%	301,690,031	2,017,583	0.67%
E&G College of Medicine	48,138,526	19,775,974	28,362,552	41.08%	20,353,773	577,798	2.84%
E&G Florida Center for Students with Unique Abilities	8,984,565	2,773,127	6,211,438	30.87%	1,820,003	(953,124)	-52.37%
Contracts and Grants - Other Grants	232,031,557	75,667,550	156,364,007	32.61%	80,695,988	5,028,438	6.23%
Contracts and Grants - HEERF	63,543,631	18,796,130	44,747,501	29.58%	38,688,571	19,892,442	51.42%
Contracts and Grants - Arecibo		3,173,647	(3,173,647) -		14,756,365	11,582,718	78.49%
Auxiliaries	326,938,434	124,220,226	202,718,208	37.99%	116,688,438	(7,531,788)	-6.45%
Local Funds - Other Local Funds	733,575,660	293,003,317	440,572,343	39.94%	308,848,810	15,845,493	5.13%
Local Funds - HEERF	653,080	633,299	19,781	96.97%	75,902,206	75,268,906	99.17%
Faculty Practice Plan (FPP)	14,563,620	4,245,351	10,318,269	29.15%	1,602,158	(2,643,193)	-164.98%
<b>Total Expenditures</b>	<b>2,089,571,464</b>	<b>841,961,071</b>	<b>1,247,610,393</b>	<b>40.29%</b>	<b>961,046,343</b>	<b>119,085,272</b>	<b>12.39%</b>
<b>Surplus/(Deficit)</b>	<b>(27,961,049)</b>	<b>238,859,244</b>	<b>(266,820,293)</b>		<b>260,771,409</b>	<b>(260,082,708)</b>	



**Board of Trustees  
Budget and Finance Committee | February 23, 2023**

**INFO-3: Direct Support Organizations' (DSO) Financial Reports – 2<sup>nd</sup> Quarter,  
Ended December 31, 2022**

---

☒ **Information**                      ☐ **Discussion**                      ☐ **Action**

**Meeting Date for Upcoming Action:**                      N/A

---

**Purpose and Issues to be Considered:**

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

**Background Information:**

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

The quarterly reports will provide updates on the conversion of the DSOs' financial systems to the Workday ERP system. The main tenets of the conversion were to (i) pay our people, (ii) pay our bills, (iii) close our books, and (iv) hire our people. We are pleased to report that the DSOs have made significant progress on all four and continue to get better as the campus as whole learns the system, its functionality, and also the ways it can be better used to automate financial and administrative management.

Each DSO is its own separate organization with its own sets of books and governance. As a part of the Workday ERP system, all nine DSOs have been brought under one umbrella, but they each have their own companies, and retain their own sets of books. This combination has allowed for us to now have a full picture of all entities that have a financial relationship with the university and its Board of Trustees.

As with change and transition of this size and scope, there are some learning curve items that we must get corrected and addressed over the course of the first one to two years. The reports presented, and the accompanying narratives that follow are attempts to keep the various DSOs and the university Board of Trustees apprised of where we are financially as we continue to work on the conversation and other issues that have been discovered. This system conversion is the first for UCF in almost a quarter century; however, this new system and the business processes that encompass it will make our ability to manage UCF (including DSOs and other units) in a more nimble and efficient manner, while adding in new levels of reviews and internal controls.

**UCF Academic Health**

UCF Academic Health, Inc. (UCFAH) supports medical education, research, and patient care through the planning and development of clinical initiatives and affiliated partnerships that serve the educational, research, and clinical mission of the College of Medicine. UCFAH was established in 2016. In July 2019, it began leasing space to outside tenants in the Lake Nona Cancer Center.

Year-to-date commercial lease revenue of \$1.3 million is trending as expected with all tenants making timely lease payments. The favorable variance to budget is due to the addition of a short-term tenant as of September 2022. The prior year is showing higher revenue due to a change in the recording of sales tax as a pass-through transaction rather than impacting both revenue and expense.

Facility expense of \$1.2 million represents the fixed rent payment to UCF for the first two quarters and a projection of future Common Area Maintenance (CAM). CAM revenue from tenants that exceed that projection is being held in reserve to cover building operation expenses and future investment. The budget assumes that all proceeds net of expenses will be paid to UCF for rent and CAM. The \$95,000 favorable variance compared to budget is the result of a lower projection of building operation expenses than was originally planned.

### **UCF Athletics Association**

The Athletics Association was organized to operate the university's intercollegiate athletic programs. The Association is closely inter-connected with and acts in good faith as "manager" for the UCF Stadium Corporation and the arena operations of UCF Convocation Corporation. Assumptions for fiscal year 2023 budget include the Association being able to host seven home football games at the stadium and full spectator seating capacity.

Notable items include:

Higher education emergency relief funds are significantly less than budget. This unfavorable variance will remain at the end of the fiscal year. This is simply due to the timing of information available when the budget was approved last spring. A total of \$17.0 million has been awarded to and transferred from the university to UCF Athletics Association. Of this amount, \$15.4 million was received late last fiscal year.

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

Sponsorships revenue is trending higher than prior year, but unfavorably from budget due to timing of the naming rights payment.

Pledges to be used for debt service will be transferred from UCF Foundation during the third quarter.

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

Employee compensation is trending higher than prior year but less than budget. Salary adjustments in several sports, such as softball and women's basketball have occurred with others in football and volleyball scheduled to occur in the third quarter.

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

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

The retained earnings for liquidity reserve represents \$2.5 million of operating funds that have been set aside in reserves. This account has earned approximately \$20,000 in interest in just over one month.

### **UCF Stadium Corporation**

UCF Stadium Corporation holds debt related to the construction of the university's football stadium. The debt is secured by a pledge from UCF Athletics Association of gross ticket revenues, stadium rent, and a guaranteed royalty payment. Away game guarantees and conference distributions are also pledged but are not reflected in the budget and are not required to be distributed unless they are needed to meet annual debt service obligations. Additionally, there is a support agreement whereby the university will use legally available revenues to fund deficiencies that may arise in the event the corporation is unable to make the minimum bond payments. Pledged revenues are anticipated to be sufficient to fund the corporation's debt service obligations and operating costs for the year. Once the debt service requirements are fulfilled, any unrestricted excess revenues are transferred back to UCF Athletics Association who depends on the receipt of these funds to maintain its operations.

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

Pledged revenue transfers received from UCF Athletics Association for the six months ended December 31, 2022, were \$8.1 million. This includes premium seating revenue, ticket sales, and the first of three stadium rent installments. Debt service payments of \$0.8 million were remitted in September and \$2.8 million remains due in March. The trust is holding funds in excess of this amount, or \$3.1 million, for the March debt service payment.

The R&R reserve is holding just under \$1.5 million which includes current year deposits of \$250,000. The one item that must be addressed in the third or are the expenditures from the R&R reserve. As of the reporting date of December 31, 2022, they are overstated by approximately \$60,000 due to the discovery of an expense item. This will be corrected in the third quarter. The total amount is immaterial to the financial statements as a whole, but as a part of our quality control reviews during this transition to Workday, it will be corrected. The correcting journal entry will be recorded in the third quarter to reduce expense and the balance due from UCF Athletics Association. There have been no current year expenditures which is consistent with the plan communicated to the board when the budget was approved.

Notable items include:

The annual budget for operating revenues includes premium seating revenue, concession revenue, merchandise sales, and an allocation of revenues from the university's beverage contract. The year-to-date operating revenue activity includes only premium seating revenue as the other sources of revenue are received in the third and fourth quarters. Premium seating revenue and ticket sales for the six months ended December 31, 2022 exceeded year over year growth budgeted based on the season ticket renewal data that was available in the spring.

The annual budget for operating expenses includes general and administrative costs and funding transferred to the R&R reserve. For comparative purposes, the prior year amount has been restated to include funding transferred to the R&R reserve and exclude expenditures from the R&R reserve. Expenditures from the R&R reserve are shown in a separate table at the bottom of the report. Operating expenses for the six months ended December 31, 2022 were trending consistent with budget and

favorably year over year primarily due to the absence of rust remediation expenses in the current year (\$138,000) and the reduction in budgeted transfers to the R&R reserve (\$250,000).

The year-to-date budget anticipates three equal installments of stadium rent in the second, third, and fourth quarters. It also reflects 40% of the guaranteed royalty payment in the third quarter with the remainder due in the fourth quarter. The anticipated timing of receipts is based on scheduled payments. However, the timing of actual receipts in prior years has fluctuated based on the cash flow position of UCF Athletics Association.

Debt service payments were adjusted to properly exclude the reversal of fiscal 2021-22 interest expense accruals. Process changes are being implemented to eliminate the need for such top-side adjustments in the report.

Pledge revenues for the leadership center exceed budget due to receipt of an early payment. This favorable variance will be significantly reduced by the end of the fiscal year.

Funding sources exceeded funding uses for the six months ended December 31, 2022. This is normal due to the timing of the corporation's cash flows. The excess is being held to fund the March debt service payment.

### **UCF Convocation Corporation**

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

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

The corporation's debt matures on dates that range from October 2026 to October 2035 with semi-annual debt service payments due on October 1<sup>st</sup> and April 1<sup>st</sup>. Scheduled debt service payments include principal (\$8.4 million) and interest (\$4.5 million), which will leave a remaining outstanding balance of \$141.5 million for the fiscal year ending June 30, 2023.

Debt service payments of \$10.5 million were remitted in October and \$2.5 million remains due in April. The trust is holding funds in excess of this amount, or \$5.5 million, in a restricted account for future debt service payments.

The R&R fund was holding a total of \$4.4 million in reserves as of the end of the quarter. Of this amount, \$1.8 million is available for spending and \$2.6 million is held in the trust. The amount held in the trust remains unavailable until the board approves withdrawal or spending. Additional funding of the R&R reserves will be transferred to the trust in the third quarter. Expenditures through the end of the quarter were just under \$0.2 million versus just under \$0.9 million budgeted for the year.

Funding uses exceeded funding sources for the six months ended December 31, 2022. This is normal due to the timing of the corporation's cash flows. The housing and retail operations are expected to

generate a surplus in the second half of the year that will contribute toward funding the current spending deficit as well as the operations and debt service for the remainder of the year.

### **Housing Operations:**

Housing revenues are trending consistent with budget and the same period of the prior year. The annual budget for housing revenue includes \$1.0 million of parking revenue billed to the university; year-to-date budget and actuals include 50% of this amount as expected.

Housing expenses are trending favorably to budget and the same period of the prior year.

Interest earnings have not yet been distributed across university departments and DSOs that held cash in the university's bank account during the second quarter due to the Workday transition. Additional review of general ledger activity is needed to finalize the allocation. Thus, the allocation of year-to-date interest earnings for housing and arena is anticipated to be recorded later in the year.

For housing debt service payments, the favorable variance over the same period of the prior year is due to debt modifications executed in June 2022. We were successful in refinancing the arena debt by lowering the interest rate. The corporation will save approximately \$300K per year through the remaining life of the debt issuance.

### **Student Housing Market Outlook:**

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

Overall, the student housing market is strong with private student housing pre-leased for the fall 2022 at 61.8%, with Knights Circle at 100%. Towers pre-lease is at 118% for the fall 2022. We anticipate that our housing demand will remain close these levels as the university is back to full operations.

### **Retail Operations:**

Retail revenues are trending slightly higher than budget and for the same period of the prior year due to the return to pre-COVID conditions. However, sales volume remains relatively flat due to two hurricanes that resulted in campus closures and a change to the football schedule.

Retail expenses are trending higher than budget and for the same period of the prior year due to two HVAC unit replacements. Both units had been failing, requiring temporary solutions over the last year. The replacements were delayed due to supply chain issues. One additional HVAC replacement is currently being designed with completion planned for over the summer.

Occupancy at Knights Plaza is now at 100% with the one-year use agreement for Spin Scooters in the former Additions Financial space and the addition of Wesley Foundation, currently finalizing the lease process for the space formerly occupied by Limbitless. Wesley is completing a refresh of the space and will be occupying it in the coming weeks. Burger U has agreed to extend their lease and has initiated the process to do so with all terms and conditions continuing per the contract.

SDES has informed us that they will not be extending the lease of the Rec and Wellness location at Knights Plaza beyond the spring semester due to budget cuts with that location. We are working with the university's Real Estate Office to prepare new solicitations for retail space due to the Spin Scooter use agreement being limited in duration and the imminent closure of the Rec and Wellness at Knights Plaza. A real estate broker is engaged and generating leads to respond to our solicitation process.



**Arena Operations:**

The Arena hosted 126 events through the stated period of activity. Among the events held were 9 concerts with a mixture of genres including: Pop, Comedy, Country, and Christian. Big Time Rush, held in July, was a sellout with over 7500 in attendance. A major concert (over 5100 paid tickets) that was scheduled for September 30th was canceled due to Hurricane Ian and could not be rescheduled due to the performer's travel schedule. In addition, a comedy concert originally booked for November was canceled by its organizer due to sales concerns. Both of these are contributing to the variance in event revenue as well as the corresponding lack of expense in the distribution of profits to the events' respective promoters. Financials include the complete UCF Volleyball Season and the beginning of both UCF Basketball Team's seasons. Staff continue to monitor conditions surrounding increased costs of goods, particularly expected in utilities costs.

Arena event revenue is trending unfavorably to budget and for the same period of the prior year primarily attributed to the exclusion of the arena sub-manager's December activity. This information was not available in time to meet the materials deadline for this board meeting. In compliance with their management agreement, Spectra provides this information by the 20<sup>th</sup> day of the following month. Early estimates provided by Spectra indicate additional revenues of approximately \$1.0 million.

Similarly, total expenses are trending favorably to budget primarily due to the exclusion of the arena sub-manager's December activity. Early estimates provided by Spectra indicate additional expenses of approximately \$1.0 million.

The arena non-event revenue annual budget includes \$2.2 million of revenue under the 100-day use agreement with the university and \$1.1 million for arena naming rights, premium seating, and sponsorship revenues net of their associated administrative and fulfillment costs. In a special meeting on July 7, 2022, this board approved the premium seating and multimedia rights agreement for arena properties with UCF Athletics Association. As a result, the naming rights, premium seating, and sponsorship revenues net of their associated administrative and fulfillment costs will be replaced with an annual guaranteed royalty payment from UCF Athletics, with 80% due in the third quarter and the remainder due in the fourth quarter. Thus, the year-to-date activity includes only the revenue from the 100-day use agreement with the university. The unfavorable variance to the same period of the prior year is due to the scheduled timing of receipts.

**UCF Finance Corporation**

UCF Finance Corporation holds debt related to the construction of the Burnett Biomedical Sciences building on the health sciences campus in Lake Nona. Transfers from the University represents rent due pursuant to the 2017 amended and restated operating lease agreement and are used to fund the corporation's operating costs and debt service payments on the Burnett loan for the subsequent fiscal year. Pledge receipts from UCF Foundation were used to pay off the debt associated with the construction of the UCF downtown campus in the prior fiscal year.

The Burnett loan matures June 30, 2038, with semi-annual debt service payments due on July 1st and March 1st. Scheduled debt service payments include principal (\$2.8 million) and interest (\$1.2 million), which will leave a remaining outstanding balance of \$50.2 million for the fiscal year ending June 30, 2023.

Reporting change –This report was reformatted when the fiscal 2022-23 annual budget was approved to include principal payments as a funding use and to include the full amount of rent received from the university. In previous years, principal was presented below net sources less uses and rent revenue

was reduced by the amount used to fund principal on the Burnett loan. This was done to mirror the presentation in the audited financial statements. Additionally, rent revenue was previously adjusted to reflect rent as earned, but is now reported as received. This new format provides the board with a more complete understanding of the Corporation's sources and uses of funds and more transparency about the timing of cash flows. Prior year amounts have been restated for comparative purposes.

Notable items include:

The unfavorable variance between interest earnings and budget is due to two items that are as a result of our ERP conversion and the combination of entries needed at the university level versus the DSO level. Earnings have not yet been distributed across university departments and DSOs that held cash in the university's bank account during the second quarter. That is top of mind for the Central Accounting team as we continue with the refining of operating within the new system and having all DSOs now on a single platform. Additional review of general ledger activity is needed to finalize the allocation. Thus, the allocation of year-to-date interest earnings are anticipated to be recorded later in the year. Second, the activity reported represents the release of funds held by the trust for the construction of the downtown campus to the corporation. A correcting journal entry will be recorded in the third quarter to reclassify this amount as a reduction of cash held in trust. Additionally, the funds will be transferred from the corporation to the university.

Funding uses exceeded funding sources for the six months ended December 31, 2022. This is normal due to the timing of the corporation's cash flows. The Corporation's cash reserves were sufficient to fund this spending deficit. Further, the spending deficit will be offset by approximately \$4.0 million of rent to be received from the university in the fourth quarter.

### UCF Foundation

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

The information below represents a summarized version of the Foundation's unrestricted quarterly report for the six months ending December 31, 2022 and management's discussion. Please see full report for additional information.

<u>Funding Sources</u>	YTD Actuals \$	<u>Funding Uses</u>	YTD Actuals \$
<u>Funding from related organizations</u>		<u>Support to university</u>	
University - E&G	6,728,655	President's allocations	67,404
		Vice Presidents' allocations	90,624
<u>Foundation operations</u>		Other allocations to university	92,573
Endowment assessment	2,750,000	Total Support to university	250,601
Non-endowed investment allocation	1,350,000		
Current year allocation from buildings	650,000	<u>Foundation expenses</u>	
Alumni revenue	57,433	Development	2,861,162
Unrestricted gift income	114,080	Administration	3,999,678
Distribution from CAPFA funds	7,828,154	Alumni Relations	1,693,084
Athletics Line of Credit Interest	135,000	Total Foundation expenses	8,553,924
Total Funding from foundation operations	12,884,667		
<b>Total Funding Sources</b>	<b>19,613,322</b>	<b>Total Funding Uses</b>	<b>8,804,525</b>
		<b>Sources Less Uses</b>	<b>10,808,797</b>

Funding Sources - For the first six months of fiscal year 2023, the Foundation reported total funding sources of approximately \$19.6M compared to a budget of \$16.1M for the same period and \$11.9M in



the first six months of the prior fiscal year. The increase in total funding sources relates primarily to the Foundation's operating revenues, reflecting a one-time COVID release from the CAPFA financing of approximately \$7.8M.

**Funding Uses** - For the first six months of fiscal year 2023, the Foundation reported total funding uses of approximately \$8.8M compared to a budget of \$12.6M for the same period and \$8.7M in the first six months of the prior year. The decrease in uses compared to budget reflect primarily a reduction in salary related expenses from unfilled positions. The Foundation currently has 39 open positions across three departments comprised of the following: 10 in Development; 26 in Administration; 3 in Alumni Relations.

**Debt Service Summary** – The Foundation has approximately \$61.6M in debt principal outstanding as of December 31, 2022. All debt is building related debt and is collateralized by those same buildings. Current year debt service for fiscal year 2023 is approximately \$3.0M (\$2.8M principal and \$200K in interest). The Foundation will make all required debt payments during fiscal year 2023 as they become due in accordance with the terms of each instrument. There have been no recent changes to the Foundation's debt or scheduled debt repayment terms.

**Additional Information** - Through the first six months, the university has utilized approximately \$7.3 million of Foundation gifts in support of programs, scholarships, and other university priorities.

### **UCF Limbitless Solutions**

Limbitless Solutions, Inc. (LSI) produces artistic prosthetic medical devices, conducts research, and promotes STEM/ STEAM education.

**Reporting Change** – Pledged donation revenues are received by UCF Foundation and held in restricted accounts on behalf of Limbitless Solutions (LSI). Funds are then transferred to LSI on a reimbursement basis as spending occurs. This quarterly financial update has been changed to include only the donation revenue received/ receivable by LSI, which is consistent with the way in which donation revenue is reported on its audited annual financial statements.

Pledged revenues received and held by UCF Foundation are presented in the table below to provide a collective picture of all revenues generated to support the organization's operations.

Fiscal Year 2022-23 As of December 31, 2022			
	Total	Limbitless	Non-Cash Salary Support
University Support	298,905	-	298,905
Donations	126,037	95,562	30,475
Other Revenues	540	540	-
<b>Funding Sources</b>	<b>425,482</b>	<b>96,102</b>	<b>329,380</b>
Administrative Salary	287,138	-	287,138
Student Salary	30,476	-	30,476
Other Expenses	94,568	94,343	225
Non-cash Expenses	-	-	-
<b>Funding Uses</b>	<b>412,182</b>	<b>94,343</b>	<b>317,839</b>
<b>Increase (decrease) in net position</b>	<b>13,300</b>	<b>1,759</b>	<b>11,541</b>
<b>Available cash held by LSI and university</b>	<b>89,217</b>		

	UCF Foundation	General Operations	Student Scholars	Clinical Trials	Renovation Fund
Balances held at UCF Foundation - 7/1/22	1,005,071	748,643	158,778	92,650	5,000
Pledged Revenues	366,721	366,671	-	50	-
Transfers to Limbitless	(94,343)	(94,343)	-	-	-
Transfers to UCF	(30,476)	-	(30,476)	-	-
<b>Balances held at UCF Foundation - 12/31/22<sup>1</sup></b>	<b>1,246,973</b>	<b>1,020,971</b>	<b>128,302</b>	<b>92,700</b>	<b>5,000</b>

<sup>1</sup> Includes outstanding receivables of approximately \$6,500.

Notable items include:

Salary support and administrative salary expense are both trending less than budget and prior year due to a vacancy on the leadership team.

Donation revenue is trending less budget due to the reporting change described above. Donations generated in the current year, including funds remaining in UCF Foundation, are approximately \$309,000.

Other revenues appear to be trending unfavorably, but approximately \$50,000 of sponsorships are being finalized.

Operating expenses are less than budget because the clinical trial has not started. This spending is expected to occur later in the calendar year.

### UCF Research Foundation

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

The Research Foundation is recognizing an overall favorable variance to budget due to continued funding of monies related to contributions and other agreements exceeding expectations. While an overall unfavorable variance to prior year is due to the timing of award execution related to contracts and grants. Overall, operations are trending in line with both budgeted and prior year actuals.

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

Contracts and Grants expenditures show notable variances to budget and prior year due to the timing of award execution for the continued funding from US Veterans Affairs and Lockheed Martin and the completion of the Fiscal 2022; and a one-time grant received from the Corporation for Public Broadcasting under the American Rescue Act Stabilization Grants.

Contributions and Other Agreements expenditures show notable increases over both budget and prior year due to continued funding from Adobe to support the College of Engineering and Computer Science.

Finally, the annual budget includes the 2024 Gap Fund Award Year which is expected to be distributed in the fourth quarter.

### **Central Florida Clinical Practice Organization**

The Central Florida Clinical Practice Organization (CFCPO) is an affiliated organization formed to support the medical education program and clinical faculty within the College of Medicine. The CFCPO operating statement also includes UCF Clinical LLC, a subsidiary and disregarded entity of the CFCPO, which contracts with a professional employment organization to provide staffing for UCF Health and HealthARCH. UCF Clinical began operations in January 2022.

For the six months ended December 31, 2022, CFCPO's year-to-date revenue of \$4.4 million is below budget by \$1.1 million. This is primarily due to delays in new physician recruitment which is currently in progress. In addition, the Infusion Center revenue is lower than budget due to lower patient volume than originally projected. The Infusion Center continues to grow and accounts for much of the increase over prior year.

Year-to-date expenses are below budget creating a favorable variance of \$2.5 million that offsets the unfavorable revenue variance by \$1.4 million. Professional Services expense is lower due to vacant staff positions contracted through a professional employer organization. Lower Medical Supplies expense is due to lower-than-expected patient volume in the Infusion Center. Finally, transfers to the College of Medicine are below budget by \$1.7 million. This is partly due to delays in purchases related to vendor bids and supply chain issues for the buildout of the cancer research floor at the Lake Nona Cancer Center.

Year-to-date expenses compared to prior year are higher by \$2.6 million. This is due to the transition of UCF Health and HealthARCH staff to the professional employment organization. These expenses are not new in fiscal 2023; rather they were moved from the College of Medicine to UCF Clinical. Medical Expense is also higher in fiscal 2023 due to the increase in pharmaceuticals used in the Infusion Center. The Infusion Center was in its first year of operations in fiscal 2022 and has been steadily growing in patient volume.

### **Recommended Action:**

For information only.



# Board of Trustees

## Agenda Memo

**Alternatives to Decision:**

N/A

**Fiscal Impact and Source of Funding:**

N/A

**Authority for Board of Trustees Action:**

Specific trustee request.

---

**Contract Reviewed/Approved by General Counsel** ☐ N/A ☒

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

**Submitted by:**

Gerald Hector, Senior Vice President for Administration and Finance

**Supporting Documentation:**

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

**Facilitators/Presenters:**

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

# Attachment A

UCF Academic Health, Inc.  
FY23 Quarterly Financial Update  
As of December 31, 2022

	2022-23	2022-23	2022-23	YTD	2021-22	YOY
	ANNUAL	YEAR TO	YEAR TO	Fav/(Unfav)	YEAR TO	Fav/(Unfav)
	BUDGET	DATE	DATE	Variance	DATE	Variance
		BUDGET	ACTUALS		ACTUALS	
<b><u>Funding Sources</u></b>	\$	\$	\$	\$	\$	\$
Commercial Lease Revenue	2,570,782	1,271,010	1,288,720	17,710	1,307,292	(18,572)
<b>Total Funding Sources</b>	<b>2,570,782</b>	<b>1,271,010</b>	<b>1,288,720</b>	<b>17,710</b>	<b>1,307,292</b>	<b>(18,572)</b>
<b><u>Funding Uses</u></b>						
Professional Services	17,500	8,750	18,077	(9,327)	13,187	(4,890)
Facility Expense	2,518,501	1,245,083	1,150,438	94,645	1,206,340	55,902
Information Technology	7,916	3,958	6,464	(2,506)	3,500	(2,964)
Other Expense	26,865	13,220	10,509	2,711	84,265	73,756
						-
<b>Total Funding Uses</b>	<b>2,570,782</b>	<b>1,271,011</b>	<b>1,185,488</b>	<b>85,523</b>	<b>1,307,292</b>	<b>121,804</b>
<b>Sources Less Uses</b>	<b>-</b>	<b>-</b>	<b>103,232</b>	<b>103,232</b>	<b>-</b>	<b>103,232</b>

# Attachment B

## UCF Athletics Association FY23 Quarterly Financial Update As of December 31, 2022

	2022-23	2022-23	2022-23			2021-22	2021-22		
	ANNUAL	YEAR TO	YEAR TO			ANNUAL	YEAR TO		
	BUDGET	DATE	DATE	YTD Fav/(Unfav)		BUDGET	DATE	YOY Fav/(Unfav)	
		BUDGET	ACTUALS	Variance			ACTUALS	Variance	
<b><u>Funding Sources</u></b>	\$	\$	\$	\$	%	\$	\$	\$	%
Student athletic fees	23,200,964	18,520,969	18,386,477	(134,492)	-0.7%	25,104,281	18,540,133	(153,656)	-0.8%
Higher education emergency relief fund (Heerf)	12,000,000	12,000,000	1,644,457	(10,355,543)	-86.3%	-	-	1,644,457	#DIV/0!
Ticket sales and ticket related transactions <sup>2</sup>	12,138,189	8,000,000	8,434,106	434,106	5.4%	11,089,731	6,626,233	1,807,873	27.3%
Philanthropic Donations for Operating	1,549,000	774,500	259,651	(514,849)	-66.5%	589,045	480,925	(221,274)	-46.0%
Game Guarantees Received	401,000	401,000	306,000	(95,000)	-23.7%	333,000	12,045	293,955	2440.5%
Sponsorships	10,375,000	8,803,817	6,341,905	(2,461,912)	-28.0%	8,025,000	5,646,801	695,104	12.3%
Pledges to be used for debt service	2,955,650	-	-	-	0.0%	2,874,000	2,075,940	(2,075,940)	-100.0%
NCAA/ conference distributions	8,676,161	-	11,725	11,725	0.0%	8,329,318	505,185	(493,460)	-97.7%
Other athletic revenues	1,690,139	845,070	1,189,774	344,704	40.8%	2,171,659	714,556	475,218	66.5%
Scholarship support from university	9,463,000	4,482,667	5,288,072	805,405	18.0%	10,263,000	4,393,817	894,255	20.4%
Advance of future revenues Big 12	5,000,000	5,000,000	-	(5,000,000)	-100.0%	-	-	-	0.0%
Revenue received from Stadium Corp Transfer <sup>1,2</sup>	4,012,963	(166,018)	(320,793)	(154,775)	93.2%	3,650,563	1,455,019	(1,775,812)	-122.0%
<b>Total Funding Sources</b>	<b>91,462,066</b>	<b>58,662,004</b>	<b>41,541,374</b>	<b>(17,120,630)</b>	<b>-29.2%</b>	<b>72,429,597</b>	<b>40,450,654</b>	<b>1,090,720</b>	<b>2.7%</b>
<b><u>Funding Uses</u></b>									
Scholarships	10,217,157	4,741,636	5,553,073	(811,437)	-17.1%	10,822,154	5,050,696	(502,377)	-9.9%
Employee compensation	29,859,468	15,635,245	13,891,608	1,743,637	11.2%	27,891,255	12,614,670	(1,276,938)	-10.1%
Sport operations	10,644,818	5,322,409	6,226,888	(904,479)	-17.0%	10,507,790	5,171,093	(1,055,795)	-20.4%
Support operations	15,468,823	7,734,412	7,308,396	426,016	5.5%	13,580,241	6,168,310	(1,140,086)	-18.5%
Non-recurring operations	1,828,825	914,413	1,114,013	(199,601)	-21.8%	1,719,301	1,092,361	(21,652)	-2.0%
AAC Exit Fees Anticipated	5,000,000	-	-	-	0.0%	-	-	-	0.0%
Guaranteed Royalty and Rent to Stadium Corp <sup>1</sup>	4,071,000	707,000	707,000	-	0.0%	4,021,000	2,607,000	1,900,000	72.9%
Retained Earnings for Liquidity (Reserve)	2,500,000	2,500,000	2,500,000	-	0.0%	-	-	(2,500,000)	0.0%
<b>Total Funding Uses</b>	<b>79,590,091</b>	<b>37,555,114</b>	<b>37,300,978</b>	<b>254,136</b>	<b>0.7%</b>	<b>68,541,741</b>	<b>32,704,130</b>	<b>(4,596,848)</b>	<b>-14.1%</b>
<b><u>Non-operating Sources/ (Uses)</u></b>									
Restricted accounts capital donations	-	-	69,775	69,775	100.0%	1,018,812	1,284,114	(1,214,339)	-94.6%
Restricted accounts outlay	-	-	(793,912)	(793,912)	100.0%	(819,812)	(140,545)	(653,367)	464.9%
Capital projects outlay	-	-	-	-	0.0%	(1,960,048)	(781,300)	781,300	-100.0%
Interest expense	(315,068)	(277,325)	(315,068)	(37,743)	13.6%	(376,860)	(229,745)	(85,323)	37.1%
Principal	(2,939,000)	(2,939,000)	(2,939,000)	-	0.0%	(2,307,000)	(2,307,000)	(632,000)	27.4%
<b>Total Non-operating Sources/ (Uses)</b>	<b>(3,254,068)</b>	<b>(3,216,325)</b>	<b>(3,978,205)</b>	<b>(761,880)</b>	<b>23.7%</b>	<b>(4,444,908)</b>	<b>(2,174,476)</b>	<b>(1,803,729)</b>	<b>83.0%</b>
<b>Sources Less Uses</b>	<b>8,617,907</b>	<b>17,890,565</b>	<b>262,191</b>	<b>(17,628,374)</b>	<b>-98.5%</b>	<b>(557,052)</b>	<b>5,572,048</b>	<b>(5,309,857)</b>	<b>-95.3%</b>

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

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

Ticket Sales transferred to Stadium Corporation	(4,564,183)
Excess revenues returned to the Association	4,243,390
Net transfers in (out)	<u>(320,793)</u>

### Debt Service Summary

	Year to Date Debt Service Summary			
	Principal	Interest	Total	Outstanding Principal as of 12/31/22
Fifth Third - Line of Credit	320,000	83,882	403,882	4,455,000
Regions - Construction Note (Roth Athletic Center)	2,619,000	53,920	2,672,920	2,773,000
UCF Foundation - Line of Credit	-	135,000	135,000	9,000,000
UCF - Loan	-	42,266	42,266	5,447,178
<b>Total Debt Service</b>	<b>2,939,000</b>	<b>315,068</b>	<b>3,254,068</b>	<b>21,675,178</b>

## Attachment C

### UCF Stadium Corporation, Inc. FY23 Quarterly Financial Update As of December 31, 2022

	2022-23 ANNUAL BUDGET	2022-23 YEAR TO DATE BUDGET	2022-23 YEAR TO DATE ACTUALS	YTD Fav/(Unfav) Variance	2021-22 YEAR TO DATE ACTUALS	YOY Fav/(Unfav) Variance
<b><u>Funding Sources</u></b>	\$	\$	\$	\$	\$	\$
Operating revenue	3,562,000	2,682,000	2,861,008	179,008	2,480,031	380,977
Insurance proceeds for loss damage	-	-	-	-	272,033	(272,033)
<b>Total Funding Sources</b>	<b>3,562,000</b>	<b>2,682,000</b>	<b>2,861,008</b>	<b>179,008</b>	<b>2,752,064</b>	<b>108,944</b>
<b><u>Funding Uses</u></b>						
Operating expenses <sup>1</sup>	305,000	277,498	273,200	4,298	666,735	393,535
Use of insurance proceeds	-	-	-	-	297,033	297,033
<b>Total Funding Uses</b>	<b>305,000</b>	<b>277,498</b>	<b>273,200</b>	<b>4,298</b>	<b>963,768</b>	<b>690,568</b>
<b><u>Non-operating Sources/ (Uses)</u></b>						
Ticket sales	4,345,000	4,345,000	4,564,183	219,183	4,206,330	357,853
Stadium rent	2,121,000	707,000	707,000	-	707,000	-
Guaranteed royalty	1,950,000	-	-	-	1,900,000	(1,900,000)
Transfers to UCFAA	(8,357,963)	(4,178,982)	(4,243,390)	(64,408)	(5,661,349)	1,417,959
Interest income	55,000	27,498	34,016	6,518	60,433	(26,417)
Debt service	(3,625,037)	(755,518)	(755,518)	(0)	(799,889)	44,371
Pledges for taxable debt issue	-	-	-	-	-	-
Pledges for Leadership Center	255,000	-	254,196	254,196	251,000	3,196
<b>Total Non-operating Sources/ (Uses)</b>	<b>(3,257,000)</b>	<b>144,998</b>	<b>560,487</b>	<b>415,489</b>	<b>663,525</b>	<b>(103,038)</b>
<b>Sources Less Uses</b>	<b>-</b>	<b>2,549,500</b>	<b>3,148,295</b>	<b>598,795</b>	<b>2,451,821</b>	<b>696,474</b>

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

#### **Debt Service Summary**

	Year to Date Debt Service Summary			
	Principal	Interest	Total	Outstanding Principal as of 12/31/22
Tax-exempt bonds	-	549,584	549,584	26,665,000
Taxable bonds	-	185,118	185,118	7,710,000
Leadership Center	-	20,816	20,816	1,672,000
<b>Total Debt Service</b>	<b>-</b>	<b>755,518</b>	<b>755,518</b>	<b>36,047,000</b>

#### **R&R Reserve Summary**

	R&R Reserve Summary			
	As of 7/1/22	YTD Funding	YTD Expenditures	As of 12/31/22
Non-recurring maintenance (R&R) Expenses	1,265,183	250,000	(59,976)	1,455,207
Rust remediation	-	-	-	-
<b>Total R&amp;R Reserve Activity</b>	<b>1,265,183</b>	<b>250,000</b>	<b>(59,976)</b>	<b>1,455,207</b>

# Attachment D

## UCF Convocation Corporation, Inc. FY23 Quarterly Financial Update As of December 31, 2022

	2022-23 ANNUAL BUDGET	2022-23 YEAR TO DATE BUDGET	2022-23 YEAR TO DATE ACTUALS	YTD Fav/(Unfav) Variance	2021-22 YEAR TO DATE ACTUALS	YOY Fav/(Unfav) Variance
<b><u>Housing Operations</u></b>	\$	\$	\$	\$	\$	\$
Operating Revenues	18,724,307	9,362,154	9,268,677	(93,477)	9,250,997	17,680
Operating Expenses	5,402,412	2,701,206	2,370,256	330,950	2,877,340	507,084
	13,321,895	6,660,948	6,898,421	237,474	6,373,657	524,764
<b><u>Non-Operating Revenue/(Expenses):</u></b>						
Interest Earnings	165,000	82,500	253	(82,247)	191,431	(191,178)
Housing debt service <sup>1</sup>	(8,036,384)	(5,703,118)	(5,703,118)	-	(6,529,840)	826,722
Housing R&R reserve contributions <sup>1</sup>	(500,000)	-	-	-	-	-
Total Non-Operating Revenue/Expenses	(8,371,384)	(5,620,618)	(5,702,865)	(82,247)	(6,338,409)	635,544
<b>Housing Operations Surplus/(Deficit)</b>	<b>4,950,511</b>	<b>1,040,330</b>	<b>1,195,556</b>	<b>155,227</b>	<b>35,248</b>	<b>1,160,308</b>
<b><u>Retail Operations</u></b>						
Total Retail Revenues	1,928,595	964,298	994,873	30,576	922,500	72,373
Total Operating Expenses	321,796	160,898	185,766	(24,868)	106,410	(79,356)
<b>Retail Operations Surplus/(Deficit)</b>	<b>1,606,799</b>	<b>803,400</b>	<b>809,107</b>	<b>5,708</b>	<b>816,090</b>	<b>(6,983)</b>
<b><u>Arena Operations</u></b>						
Event Revenue	9,083,524	5,236,585	3,053,234	(2,183,351)	3,373,333	(320,099)
Non-event Revenue	3,287,050	2,200,000	2,200,000	-	3,306,938	(1,106,938)
Event Expenses	10,107,426	5,683,424	4,033,868	1,649,556	3,593,547	(440,321)
Non-event Expenses	1,228,103	614,052	508,992	105,060	378,294	(130,698)
	1,035,045	1,139,109	710,374	(428,735)	2,708,430	(1,998,056)
<b><u>Nonoperating Revenues/(Expenses)</u></b>						
Interest Earnings	10,000	5,000	116	(4,884)	6,041	(5,925)
Transfers to UCF	(500,000)	-	-	-	-	-
Arena debt service <sup>1</sup>	(6,016,163)	(4,779,402)	(4,779,402)	-	(4,714,841)	(64,561)
Arena R&R reserve contributions <sup>1</sup>	(500,000)	-	-	-	-	-
Total Nonoperating Revenues/(Loss)	(7,006,163)	(4,774,402)	(4,779,286)	(4,884)	(4,708,800)	(70,486)
<b>Arena Operations Surplus/(Deficit)</b>	<b>(5,971,118)</b>	<b>(3,635,293)</b>	<b>(4,068,912)</b>	<b>(433,619)</b>	<b>(2,000,370)</b>	<b>(2,068,542)</b>
<b>Total Project Surplus/(Deficit)</b>	<b>586,192</b>	<b>(1,791,564)</b>	<b>(2,064,249)</b>	<b>(272,685)</b>	<b>(1,149,032)</b>	<b>(915,217)</b>

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

	Year to Date Debt Service Summary			
	Principal	Interest	Total	Outstanding Principal as of 12/31/22
Housing debt service	4,895,000	808,118	5,703,118	81,075,000
Arena debt service	3,480,000	1,299,402	4,779,402	60,430,000
<b>Total Debt Service</b>	<b>8,375,000</b>	<b>2,107,520</b>	<b>10,482,520</b>	<b>141,505,000</b>

	R&R Reserve Available for Use				R&R Reserve Held at Trustee <sup>1</sup>			
	As of 7/1/22	Transfers from Trust	YTD Expenditures	As of 12/31/22	As of 7/1/22	YTD Funding	Transfers to Corporation	As of 12/31/22
Housing	577,173	-	(44,200)	532,973	2,303,279	250,000	-	2,553,279
Arena	1,032,870	-	(81,084)	951,786	-	-	-	-
Parking	280,700	-	(16,725)	263,975	24,088	27,292	-	51,380
<b>Total R&amp;R Reserve Activity</b>	<b>1,890,743</b>	<b>-</b>	<b>(142,009)</b>	<b>1,748,734</b>	<b>2,327,367</b>	<b>277,292</b>	<b>-</b>	<b>2,604,659</b>

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



# Attachment E

## UCF Finance Corporation, Inc. FY23 Quarterly Financial Update As of December 31, 2022

	2022-23 ANNUAL BUDGET	2022-23 YEAR TO DATE BUDGET	2022-23 YEAR TO DATE ACTUALS	YTD Fav/(Unfav) Variance	2021-22 YEAR TO DATE ACTUALS	YOY Fav/(Unfav) Variance
<b><u>Funding Sources</u></b>	\$	\$	\$	\$	\$	\$
Transfers from University <sup>1</sup>	3,950,128	-	-	-	-	-
Transfers from Foundation - Downtown Pledges	-	-	-	-	1,420,000	(1,420,000)
Interest and Other	60,000	30,000	4,623	(25,377)	66,279	(61,656)
<b>Total Sources</b>	<b>4,010,128</b>	<b>30,000</b>	<b>4,623</b>	<b>(25,377)</b>	<b>1,486,279</b>	<b>(1,481,656)</b>
<b><u>Funding Uses</u></b>						
Principal - Burnett Biomedical Sciences Building <sup>1</sup>	2,750,000	2,750,000	2,750,000	-	2,684,000	(66,000)
Interest - Burnett Biomedical Sciences Building	1,238,928	635,964	635,964	-	668,172	32,208
Principal - UCF downtown construction note <sup>1</sup>	-	-	-	-	1,592,194	1,592,194
Interest - UCF downtown construction note	-	-	-	-	5,684	5,684
Operating expenses	21,200	10,600	13,551	(2,951)	18,706	5,155
<b>Total Uses</b>	<b>4,010,128</b>	<b>3,396,564</b>	<b>3,399,515</b>	<b>(2,951)</b>	<b>4,968,756</b>	<b>1,569,241</b>
<b>Sources Less Uses</b>	<b>-</b>	<b>(3,366,564)</b>	<b>(3,394,892)</b>	<b>(28,328)</b>	<b>(3,482,477)</b>	<b>87,585</b>

<sup>1</sup> This report was reformatted when the fiscal 2022-23 annual budget was approved to include principal payments as a funding use and to include the full amount of rent received from the university. In previous years, principal was presented below net sources less uses and rent revenue was reduced by the amount used to fund principal on the Burnett loan to mirror the presentation in the audited financial statements. Additionally, rent revenue was adjusted in prior reports to reflect rent earned, but is now reported as received. This new format provides the board with a more complete understanding of the Corporation's sources and uses of funds and more transparency about the timing of cash flows. Prior year amounts have been restated for comparative purposes.

### Debt Service Summary

	Year to Date Debt Service Summary			
	Principal	Interest	Total	Outstanding Principal as of 12/31/22
Burnett Biomedical Sciences Building	2,750,000	635,964	3,385,964	50,247,000
<b>Total Debt Service</b>	<b>2,750,000</b>	<b>635,964</b>	<b>3,385,964</b>	<b>50,247,000</b>

# Attachment F

## UCF Foundation, Inc. FY23 Quarterly Financial Update As of December 31, 2022

	2022-23	2022-23	2022-23	YTD	2021-22	YOY
	ANNUAL	YEAR TO DATE	YEAR TO	Fav/(Unfav)	YEAR TO	Fav/(Unfav)
	BUDGET	BUDGET	DATE	Variance	DATE	Variance
	ACTUALS	ACTUALS	ACTUALS		ACTUALS	
<b>Funding Sources</b>	\$	\$	\$	\$	\$	\$
<u>Funding from related organizations</u>						
<u>University funding</u>						
Univ - E&G	10,520,000	7,552,761	6,728,655	(824,106)	6,924,946	(196,291)
Univ - Auxiliary	257,187	-	-	-	-	-
Univ - Other	541,955	-	-	-	-	-
Total Funding from related organizations <sup>1</sup>	11,319,142	7,552,761	6,728,655	(824,106)	6,924,946	(196,291)
<u>Foundation operations</u>						
Endowment assessment <sup>2</sup>	5,500,000	2,750,000	2,750,000	-	2,441,059	308,941
Non-endowed investment allocation	2,700,000	1,350,000	1,350,000	-	1,240,107	109,893
Current year allocation from buildings	1,300,000	650,000	650,000	-	1,000,000	(350,000)
Alumni revenue	423,500	211,750	57,433	(154,317)	106,262	(48,829)
Unrestricted gift income	200,000	100,000	114,080	14,080	178,675	(64,595)
Distribution from CAPFA funds <sup>3</sup>	6,800,000	3,400,000	7,828,154	4,428,154	-	7,828,154
Athletics Line of Credit Interest	90,000	45,000	135,000	90,000	42,500	92,500
Total Funding from foundation operations	17,013,500	8,506,750	12,884,667	4,377,917	5,008,603	7,876,064
<b>Total Funding Sources</b>	<b>28,332,642</b>	<b>16,059,511</b>	<b>19,613,322</b>	<b>3,553,811</b>	<b>11,933,549</b>	<b>7,679,773</b>
<b>Funding Uses</b>						
<u>Support to university</u>						
President's allocations	545,581	272,791	67,404	205,387	48,280	(19,124)
Vice Presidents' allocations	328,644	164,322	90,624	73,698	143,523	52,899
Other allocations to university	224,564	112,282	92,573	19,709	72,675	(19,898)
Total Support to university	1,098,789	549,395	250,601	298,794	264,478	13,877
<u>Foundation expenses</u>						
<u>Salaries and benefits</u>						
Development	7,647,376	3,837,846	2,648,826	1,189,020	2,526,292	(122,534)
Administration	7,812,590	3,993,652	2,896,450	1,097,202	2,636,271	(260,179)
Alumni Relations	2,378,983	1,277,002	1,183,379	93,623	958,798	(224,581)
Total Salaries and Benefits	17,838,950	9,108,500	6,728,655	2,379,845	6,121,361	(607,294)
<u>Other operating</u>						
Development	844,061	447,339	212,336	235,003	243,461	31,125
Administration	3,887,929	1,864,392	1,103,228	761,164	1,443,261	340,033
Alumni Relations	1,564,636	674,138	509,705	164,433	578,766	69,061
Total Other operating	6,296,626	2,985,869	1,825,269	1,160,600	2,265,488	440,219
Total Foundation expenses	24,135,576	12,094,369	8,553,924	3,540,445	8,386,849	(167,075)
<b>Total Funding Uses</b>	<b>25,234,365</b>	<b>12,643,764</b>	<b>8,804,525</b>	<b>3,839,239</b>	<b>8,651,327</b>	<b>(153,198)</b>
<b>Sources Less Uses</b>	<b>3,098,277</b>	<b>3,415,748</b>	<b>10,808,797</b>	<b>7,393,050</b>	<b>3,282,222</b>	<b>7,526,575</b>

### Debt Service Summary

	Year to Date Debt Service Summary			
	Principal	Interest	Total	Outstanding Principal as of 12/31/22
Research Pavillion, IST, Orlando Tech Center	1,628,000	80,734	1,708,734	5,128,000
University Tower and Biomolecular Research Annex	-	79,442	79,442	4,757,000
Lake Nona Cancer Center	1,000,000	-	1,000,000	46,500,000
Digital Learning Building	128,000	72,839	200,839	5,179,000
<b>Total Debt Service</b>	<b>2,756,000</b>	<b>233,015</b>	<b>2,989,015</b>	<b>61,564,000</b>

# Attachment G

**Limbitless Solutions, Inc.**  
**FY23 Quarterly Financial Update**  
**As of December 31, 2022**

	2022-23	2022-23	2022-23		2021-22	
	ANNUAL	YEAR TO	YEAR TO	YTD	YEAR TO	YOY
	BUDGET	DATE	DATE	Fav/(Unfav)	DATE	Fav/(Unfav)
		BUDGET	ACTUALS	Variance	ACTUALS	Variance
<b><u>Funding Sources</u></b>	\$	\$	\$	\$	\$	\$
Salary Support <sup>1</sup>	750,000	375,000	298,905	(76,095)	395,632	(96,727)
Donations <sup>2</sup>	500,000	250,000	126,037	(123,963)	127,038	(1,001)
Other	117,500	58,750	540	(58,210)	36,771	(36,231)
<b>Total Funding Sources</b>	<b>1,367,500</b>	<b>683,750</b>	<b>425,482</b>	<b>(258,268)</b>	<b>559,441</b>	<b>(133,959)</b>
<b><u>Funding Uses</u></b>						
Administrative Salary Expense <sup>1</sup>	750,000	375,000	287,138	87,862	334,672	47,533
Student Salary Expense <sup>1</sup>	50,000	25,000	30,476	(5,476)	29,163	(1,313)
Operating Expense	411,189	205,595	94,568	111,026	109,626	15,058
<b>Total Funding Uses</b>	<b>1,211,189</b>	<b>605,595</b>	<b>412,182</b>	<b>193,412</b>	<b>473,460</b>	<b>61,278</b>
<b><u>Non-operating Sources/ (Uses)</u></b>						
Renovation Donation	-	-	-	-	5,000	(5,000)
Renovation Expense	-	-	-	-	(197,725)	197,725
<b>Total Non-operating Sources/ (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(192,725)</b>	<b>192,725</b>
<b>Sources Less Uses</b>	<b>156,311</b>	<b>78,156</b>	<b>13,300</b>	<b>(64,856)</b>	<b>(106,745)</b>	<b>120,044</b>

<sup>1</sup> Quarterly financial update has been reformatted to include non-cash salary support provided by the university to cover the organization's administrative salaries. Also included is student salary expense funded by sponsorship and donation revenue. In prior years, these items were excluded from this report. Prior year columns have been restated for comparative purposes. The revised format provides the board with a more complete understanding of the organization's sources and uses of funds.

## Attachment H

UCF Research Foundation, Inc.  
FY23 Quarterly Financial Update  
As of December 31, 2022

	2022-23	2022-23	2022-23		2021-22	
	ANNUAL	YEAR TO	YEAR TO	YTD	YEAR TO	YOY
	BUDGET	DATE	DATE	Fav/(Unfav)	DATE	Fav/(Unfav)
		BUDGET	ACTUALS	Variance	ACTUALS	Variance
<b><u>Funding Sources</u></b>	\$	\$	\$	\$	\$	\$
Royalties and licensing fees	1,160,000	400,000	401,455	1,455	376,636	24,819
Contracts and grants	13,500,000	5,000,000	5,045,304	45,304	5,879,165	(833,861)
Contribution and other agreements income	2,100,000	1,350,000	1,505,458	155,458	1,133,968	371,490
Conferences and workshops	195,000	100,000	109,106	9,106	140,286	(31,180)
Incubator Rents	390,000	180,000	172,945	(7,055)	186,892	(13,947)
Management fees and F&A	1,500,000	600,000	595,623	(4,377)	587,084	8,539
<b>Total Funding Sources</b>	<b>18,845,000</b>	<b>7,630,000</b>	<b>7,829,891</b>	<b>199,891</b>	<b>8,304,031</b>	<b>(474,140)</b>
<b><u>Funding Uses</u></b>						
Royalties and licensing allocations and expense	870,000	300,000	301,091	(1,091)	266,391	(34,700)
Contracts and grants expense	13,500,000	5,000,000	5,045,304	(45,304)	5,879,165	833,861
Contribution and other agreements expense	2,100,000	1,350,000	1,505,458	(155,458)	1,133,968	(371,490)
Conferences and workshops	195,000	100,000	100,679	(679)	138,749	38,070
Incubator Rents	390,000	180,000	171,447	8,553	177,845	6,398
Other operating expenses	1,500,000	700,000	640,750	59,250	606,797	(33,953)
Gap Fund	250,000	-	-	-	-	-
<b>Total Funding Uses</b>	<b>18,805,000</b>	<b>7,630,000</b>	<b>7,764,729</b>	<b>(134,729)</b>	<b>8,202,915</b>	<b>438,186</b>
<b>Sources Less Uses</b>	<b>40,000</b>	<b>-</b>	<b>65,162</b>	<b>65,162</b>	<b>101,116</b>	<b>(35,954)</b>

# Attachment I

## Central Florida Clinical Practice Organization, Inc. FY23 Quarterly Financial Update As of December 31, 2022

	2022-23	2022-23	2022-23	YTD	2021-22	YOY
	ANNUAL	YEAR TO	YEAR TO	Fav/(Unfav)	YEAR TO	Fav/(Unfav)
	BUDGET	DATE BUDGET	DATE ACTUALS	Variance	DATE ACTUALS	Variance
<b><u>Funding Sources</u></b>	\$	\$	\$	\$	\$	\$
Patient Care <sup>1</sup>	10,972,797	4,725,695	3,735,049	(990,646)	3,368,715	366,334
Other <sup>2</sup>	1,628,008	762,227	632,887	(129,340)	279,804	353,083
<b>Total Funding Sources</b>	<b>12,600,805</b>	<b>5,487,922</b>	<b>4,367,936</b>	<b>(1,119,986)</b>	<b>3,648,518</b>	<b>719,418</b>
<b><u>Funding Uses</u></b>						
Professional Services <sup>3</sup>	5,003,009	2,471,724	2,079,634	392,090	201,369	(1,878,265)
Medical Supplies, Services & Equipment <sup>4</sup>	4,188,209	1,754,108	1,489,358	264,750	866,704	(622,654)
Facility Expense	225,397	112,013	68,167	43,846	242,159	173,992
Information Technology	408,118	202,570	172,037	30,533	165,837	(6,200)
Other Expense	108,522	54,896	35,136	19,760	53,339	18,203
Transfers to the College of Medicine <sup>5</sup>	4,630,366	2,120,769	401,019	1,719,750	72,750	(328,269)
<b>Total Funding Uses</b>	<b>14,563,620</b>	<b>6,716,080</b>	<b>4,245,351</b>	<b>2,470,729</b>	<b>1,602,158</b>	<b>(2,643,193)</b>
<b>Sources Less Uses</b>	<b>(1,962,814)</b>	<b>(1,228,158)</b>	<b>122,585</b>	<b>1,350,743</b>	<b>2,046,360</b>	<b>(1,923,775)</b>

<sup>1</sup> Lower revenue is due to delays in new physician recruitment which is currently in progress. In addition, Infusion Center revenue is lower than budget due to less than expected patient volume. However, patients served in the Infusion Center is increasing and is reflected in higher revenue when compared to the previous year.

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

<sup>3</sup> Lower Professional Services expense is due to vacant staff positions in UCF Health and HealthARCH. The increase in Professional Services compared to prior year is due to the transition of UCF Health and HealthARCH staff to the professional employment organization effective January 2022. These expenses were not new in FY22; rather, they were moved from the College of Medicine to UCF Clinical.

<sup>4</sup> The increase in Medical Supplies over the prior year is primarily due to the pharmaceutical expense for the UCF Health Infusion Center which was in its first year in FY22 and continues to grow in FY23. However, pharmaceutical expense is below budget year-to-date due to lower than expected patient volume as of Dec-2022.

<sup>5</sup> In FY23, the YTD budget estimated \$2.1M in transfers to the College of Medicine to provide auxiliary funding to support its activities. As of Dec-2022, the CFCPO has only transferred of \$401k, \$1.7M lower than budget. This is partly due to delays in purchases related to vendor bids and supply chain issues for the buildout of the cancer research floor at the Lake Nona Cancer Center.

Board of Trustees  
Budget and Finance Committee | February 23, 2023

### INFO-4: University and Direct Support Organizations Debt Report

---

☒ Information

☐ Discussion

☐ Action

Meeting Date for Upcoming Action: N/A

#### Purpose and Issues to be Considered:

Significant transactions and events since the last report submission (May 19, 2022):

On June 1, 2022, an interest rate modification occurred for the UCF Convocation Corporation Capital Improvement Refunding Revenue Bond, Series 2018, to lower the interest rate from 3.52 percent to 2.82 percent per annum. As a result of this rate reduction, the UCF Convocation Corporation reduced its annual debt service requirement by approximately \$300,000 each fiscal year and achieved Net Present Value savings of \$3,393,290 over the remaining life of the debt.

In July 2022, the UCF Athletics Association renewed its construction line of credit (LOC) agreement with an outstanding amount of \$4,775,000. This line is regularly renewed on an annual basis, but this renewal also converted the previous London Interbank Offered Rate (LIBOR) based rate structure to a new Secured Overnight Financing Rate (SOFR) based rate structure. That new structure carries interest at 79 percent of the Term SOFR Rate plus 1.34 percent (2.53 percent at June 30, 2022). The total projected annual debt service on the LOC did not materially change because of the change in structure.

During fiscal year 2022, the University implemented GASB Statement No. 87, Leases. The statement addresses accounting and financial reporting for leases by universities. This statement requires the University to recognize certain lease assets and liabilities, for leases that previously were classified as operating leases, and recognized as inflows of resources or outflows of resources based on the contract's payment provisions. Although this change increased the long-term liabilities for the University and certain Direct Support Organizations, those lease liabilities which are added due to the change in accounting standards, are not reflected in the attached University and DSO debt report.

#### Background Information:

This committee has requested a periodic report on the debt of the university and direct support organizations.

#### Recommended Action:

For information only.

#### Alternatives to Decision:

N/A

#### Fiscal Impact and Source of Funding:

N/A

**Authority for Board of Trustees Action:**

Specific trustee request.

---

**Contract Reviewed/Approved by General Counsel** ☐ N/A ☒

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

**Submitted by:**

Gerald Hector, Senior Vice President for Administration and Finance

**Supporting Documentation:**

Attachment A: University and Direct Support Organization Debt Summary

Attachment B: University Global Amortization Schedule

Attachment C: DSO Global Amortization Schedule

**Facilitators/Presenters:**

Gerald Hector

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

## Attachment A

### University and Direct Support Organization Debt

As of December 31, 2022

	Total Debt Outstanding 12/31/2022	Total Projected Debt Service FY 2023	FY 2022 Coverage Ratio		Debt Ratings		
			Actual	Required	Moody's	S&P	Fitch
University Issued Bonds							
Parking Bonds							
Parking Series 2012	\$ 4,750,000	\$ 560,850					
Parking Series 2018	1,755,000	942,750					
Parking Series 2019	4,815,000	830,750					
Total Parking Bonds	11,320,000	2,334,350	6.47	1.20	Aa2	AA-	AA-
Housing Bonds							
Housing Series 2018	15,520,000	2,721,125					
Housing Series 2021	42,815,000	3,683,788					
Total Housing Bonds	58,335,000	6,404,913	1.87	1.20	Aa3	A+	A+
Total University Issued Bonds	\$ 69,655,000	\$ 8,739,263					
Direct Support Organization Debt							
UCF Convocation Corporation							
Housing Series 2018 (Nontaxable)	\$ 81,075,000	\$ 6,846,276	1.81	1.20	UR	UR	UR
Arena Series 2015A (Nontaxable)	48,385,000	1,988,963	1.54	1.20	UR	A+	AA-
Arena Series 2015B (Taxable)	12,045,000	4,025,280	1.54	1.20	UR	A+	AA-
Total UCF Convocation Corporation	141,505,000	12,860,518					
UCF Stadium Corporation							
Series 2015A (Nontaxable)	26,665,000	2,519,169			UR	A+	AA-
Series 2015B (Taxable)	7,710,000	775,235			UR	A+	AA-
Series 2015C Leadership Center (Nontaxable)	1,672,000	330,633			UR	UR	UR
Total UCF Stadium Corporation	36,047,000	3,625,037	4.84	1.20			
UCF Finance Corporation							
Series 2017 Burnett BioMed (Nontaxable)	50,247,000	3,988,928	6.44	1.25	UR	UR	UR
Total UCF Finance Corporation	50,247,000	3,988,928					
UCF Athletics Association							
UCF Loan (Nontaxable)	5,447,178	1,000,000	NR	NR	UR	UR	UR
Roth Athletic Center loan (Nontaxable)	2,773,000	2,700,650	NR	NR	UR	UR	UR
Construction Line of Credit (Nontaxable)	4,455,000	413,110	NR	NR	UR	UR	UR
UCF Foundation Line of Credit	9,000,000	567,500	NR	NR	UR	UR	UR
Total UCF Athletics Association	21,675,178	4,681,260					
UCF Foundation							
Series 2020 (Nontaxable) - Formerly Series 2009	5,128,000	1,770,014	1.50	1.00	UR	UR	UR
Series 2017 (Nontaxable)	4,757,000	772,884	NR	NR	UR	UR	UR
Series 2020 (Taxable) - Formerly Series 2018	5,179,000	401,532	1.10	1.00	UR	UR	UR
Lake Nona Cancer Center (Nontaxable)	47,500,000	1,500,000	NR	NR	UR	UR	UR
Total UCF Foundation	62,564,000	4,444,430					
UCF Hospitality School Foundation							
Series 2004 (Nontaxable)	6,165,000	1,019,146	NR	NR	UR	UR	UR
Total UCF Hospitality School Foundation	6,165,000	1,019,146					
Total Direct Support Organization Debt	\$ 318,203,178	\$ 30,619,317					
Total University and DSO Debt	\$ 387,858,178	\$ 39,358,580					

A "NR" note in the coverage ratio column indicates that a year end coverage ratio is not required for the specific debt instrument.  
A "UR" note in the debt rating column indicates that the debt issuance is currently not rated by any outside agency.



Attachment B

Attachment C - University Global Amortization Schedule													
	Parking Series 2012A		Parking Parking 2018A		Parking Parking 2019A		Housing Series 2018A		Housing Series 2021A		Total Prinicipal & Interest		Total Debt Service
FISCAL YEAR	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2023	410,000	150,850	855,000	87,750	590,000	240,750	1,995,000	726,125	1,985,000	1,698,788	5,835,000	2,904,263	8,739,263
2024	425,000	134,450	900,000	45,000	620,000	211,250	2,095,000	623,875	2,085,000	1,597,038	6,125,000	2,611,613	8,736,613
2025	440,000	117,450			650,000	180,250	2,200,000	516,500	2,195,000	1,490,038	5,485,000	2,304,238	7,789,238
2026	455,000	104,250			685,000	147,750	2,310,000	403,750	2,305,000	1,377,538	5,755,000	2,033,288	7,788,288
2027	470,000	90,600			720,000	113,500	2,435,000	285,125	2,420,000	1,259,413	6,045,000	1,748,638	7,793,638
2028	480,000	76,500			755,000	77,500	1,420,000	188,750	2,540,000	1,135,413	5,195,000	1,478,163	6,673,163
2029	495,000	62,100			795,000	39,750	1,495,000	115,875	2,675,000	1,005,038	5,460,000	1,222,763	6,682,763
2030	510,000	47,250					1,570,000	39,250	2,815,000	867,788	4,895,000	954,288	5,849,288
2031	525,000	31,950							2,960,000	723,413	3,485,000	755,363	4,240,363
2032	540,000	16,200							1,565,000	610,288	2,105,000	626,488	2,731,488
2033									1,645,000	530,038	1,645,000	530,038	2,175,038
2034									1,725,000	445,788	1,725,000	445,788	2,170,788
2035									1,805,000	366,563	1,805,000	366,563	2,171,563
2036									1,870,000	302,413	1,870,000	302,413	2,172,413
2037									1,930,000	245,413	1,930,000	245,413	2,175,413
2038									1,975,000	196,713	1,975,000	196,713	2,171,713
2039									2,015,000	156,813	2,015,000	156,813	2,171,813
2040									2,060,000	114,775	2,060,000	114,775	2,174,775
2041									2,100,000	70,575	2,100,000	70,575	2,170,575
2042									2,145,000	24,131	2,145,000	24,131	2,169,131
Total	4,750,000	831,600	1,755,000	132,750	4,815,000	1,010,750	15,520,000	2,899,250	42,815,000	14,217,969	69,655,000	19,092,319	88,747,319

Attachment C

Attachment D - USD Global Amortization Schedule																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
Convocation Housing Series 2018 (Noncallable)				Convocation Arena Series 2015A (Noncallable)				Convocation Arena Series 2015B (Taxable)				Stadium Series 2015A (Noncallable)				Stadium Series 2015B (Taxable)				Stadium Series 2015C (Noncallable)				Finance Series 2017 (Noncallable)				Athletics UCF Loan				Athletics Ruth Athletic Center Loan				Athletics Foundation Loan				Foundation Series 2020 (Noncallable) Formerly 2009				Foundation Series 2017 (Noncallable)				Foundation Series 2020 (Taxable) Formerly 2018				Foundation Lake Nona Cancer Center (Noncallable)				UCF Hospitality School Foundation Series 2006 (Noncallable)				Total Principal & Interest		Total Debt Service																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
FISCAL YEAR	Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal

**Board of Trustees  
Budget and Finance Committee | February 23, 2023**

### **INFO-5: 2022-23 Fixed Capital Outlay Budget Update as of December 31, 2022**

☒ **Information**      ☐ **Discussion**      ☐ **Action**

**Meeting Date for Upcoming Action:**      N/A

**Purpose and Issues to be Considered:**

This agenda item reports remaining project balances as of December 31, 2022, and estimated expense compared to actuals for the period July 1, 2022 through December 31, 2022 for the 2022-23 Fixed Capital Outlay Budget (FCOB).

**Background Information:**

The 2022-23 FCOB was approved by the Board of Trustees on October 20, 2022 and the Board of Governors Facilities Committee on November 9, 2022. The FCOB is prepared in accordance with Board of Governors (BOG) Regulation 14.003, Fixed Capital Outlay Budgeting Procedures. This report is in accordance with UCF Policy 3-211, University Budget Process and the Board of Trustees Policy for University Operating, Carryforward, and Capital Outlay Budgets.

Below is a summary of estimated expense compared to actuals for the period July 1, 2022 to December 31, 2022 by funding category:

Category	Project Cost	Est. Expense	Actuals	(Over)/Under Estimate
Education & General Operating	\$ 1.0	\$ 0.5	\$ 0.0	\$ 0.5
Carryforward – Small Projects	25.9	6.2	1.7	4.5
Carryforward – Large Projects	56.7	8.9	3.7	5.2
State Appropriated	95.9	7.8	6.8	1.0
Non-Appropriated	74.5	13.3	7.7	5.6
<b>Total</b>	<b>\$ 254.0</b>	<b>\$ 36.7</b>	<b>\$ 19.9</b>	<b>\$ 16.8</b>

Variances in projecting annual expenditures are common with capital planning, especially given the timing of projects and working around the academic schedule. Timing is also impacted by conditions within the construction industry, such as supply chain and labor challenges. Actuals are \$16.8 million lower than estimated, primarily within the carryforward and non-appropriated categories as follows:

- The Carryforward – Small Projects variance of \$4.5 million is attributed to \$10 million of carryforward funding for deferred maintenance plus \$2 million for the Biology remodel received in late October after the university's carryforward plan was approved by the Board of Trustees. Due to planning and design lead times on projects, spending will most likely start later this fiscal year and future years.

- The Carryforward – Large Projects variance of \$5.2 million primarily consists of the Chemistry and Biological Sciences building renovations (\$2.3 million and \$1.2 million, respectively). The Chemistry Building renovation consists of heating, ventilation, air conditioning (HVAC) and other system repairs. Actuals are lower than estimated due to the original scope exceeding the GMP necessitating the redesign of the project. One hundred percent of the construction documents are expected by the end of January. The Biological Sciences building is funded from Federal State Recovery Funds. Formal authorization to encumber funds was just received in January 2023.
- Non-Appropriated Projects actual expenditures are lower than estimated by \$5.6 million. This is primarily attributed to HVAC renovations to prevent the spread of COVID (\$1.6 million), the College of Nursing Building (\$1.5 million) and various projects in the “Individual Projects Under \$2M category” (\$1.8 million).
  - The HVAC renovations are on track to meet the U.S. Department of Education’s June 2023 spending deadline.
  - The College of Nursing Building is funded from Federal State Recovery Funds. Formal authorization to encumber funds was just received in January 2023.
  - The “Individual Projects Under \$2M” category consists of multiple smaller projects. None of which had significant variances individually.

**Recommended Action:**

For information only.

**Alternatives to Decision:**

N/A

**Fiscal Impact and Source of Funding:**

N/A

**Authority for Board of Trustees Action:**

UCF Policy 3-211 University Budgeting Process

Board of Trustees Policy for University Operating, Carryforward, and Capital Outlay Budgets.

---

**Contract Reviewed/Approved by General Counsel** ☐ N/A ☒

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

**Submitted by:**

Gerald Hector, Senior Vice President for Administration and Finance

**Supporting Documentation:**

Attachment A: 2022-23 Fixed Capital Outlay Budget Update as of December 31, 2022

**Facilitators/Presenters:**

Gerald Hector

Jon Varnell, Vice President for Facilities and Business Operations

Attachment A  
University of Central Florida  
2022-23 Fixed Capital Outlay Budget Update  
As of December 31, 2022

CFSP #	Category	Project Title/Name	Description	Total Project(s) Cost	Funding Source(s)		Cost Revisions	Revised Project Cost	Expenditures	Encumbrances	Balance 12/31/22	FCO Budget		Comments	
					Source	Amount						Estimated Expense 7/1/22-12/31/22 <sup>1</sup>	Actuals 7/1/22-12/31/22		Difference
	Education & General (E&G) Operating Projects														
	Consolidated line item of all FCO projects, as defined in Board reg 14.001, funded from current year E&G operating funds. No individual project funded in whole or in part shall exceed \$1M, per Board reg 9.007(3)(a)1.			1,000,000	E&G Operating	1,000,000	-	1,000,000	-	-	1,000,000	500,000	-	500,000	
	Carryforward (CF) - Small Projects														
	Consolidated line item of all FCO projects with a cost up to \$2M funded in whole or in part from CF funds, pursuant to Board Reg. 14.003(2)(b). Includes replacement of facilities less than 10,000 gross sf. This is a single line item in the FOC budget. For a list of individual projects, refer to the Carryforward Spending Plans (CFSP).			25,841,248	E&G Carryforward Contracts & Grants	25,839,552 1,696	25,717 -	25,865,269 1,696	12,727,375	3,937,281	9,202,309	6,230,257	1,705,842	4,524,415	
	Carryforward (CF) - Large Projects														
	Any FCO project funded in whole or in part from CF funds, where total individual FCO project cost exceeds \$2M, pursuant to Board reg. 14.003(2)(c) and expenditure limits described therein. May also be reflected as one of multiple funding sources under categories State Appropriate Projects and Non-Appropriated Projects.														
1	Biology Building Renovation, Repairs, and Maintenance	HVAC and other system repairs and upgrades	5,000,000	E&G Carryforward	5,000,000	-	5,000,000	2,990,329	1,579,723	429,948	2,227,389	2,445,107	(217,718)	Testing and balancing of HVAC systems in progress. Next steps include commissioning of the systems, issuance of the certificate of occupancy, and project close-out.	
2	Chemistry Building Renovation, Repairs, and Maintenance	HVAC and other system repairs and upgrades	5,000,000	E&G Carryforward	5,000,000	-	5,000,000	287,791	246,212	4,465,997	2,409,420	106,630	2,302,789	Original design was completed and over budget, which has delayed the project. Redesign has been completed with 100% construction documents delivered in January 2023.	
3	Communication and Media Building Curtainwall and Roof Replacement	Curtainwall replacement, roof recoat, building envelope repairs	4,500,000	E&G Carryforward PECO	4,500,000 -	- 38,800	4,500,000 38,800	1,319,137	2,551,088	668,575	1,939,973	1,137,976	801,997	Installation of curtainwall in progress and once complete will begin door installation. Roof recoat/replacement decision pending HEERF rooftop HVAC project completion.	
4	Ferrell Commons H Remodel	Remodel of Ferrell Commons H to convert existing study and support space into teaching labs to provide swing space for the Chemistry Building renovations	10,000,000	E&G Carryforward	10,000,000	-	10,000,000	-	-	10,000,000	500,000	-	500,000	Architect/Engineer solicitation for design of the project has concluded with the shortlist of firms identified for interview to occur on January 27, 2023.	
5	Chemistry Building Renovation	Chemistry Building Renovation	10,140,000	E&G Carryforward Contracts & Grants	140,000 10,000,000	- -	140,000 10,000,000	-	125,364	10,014,636	580,000	-	580,000	Federal State Fiscal Recovery Funds (SFRF) award. E&G portion is schematic design to accelerate project schedule with the Engineer of Record. Architect/Engineer selection in progress with final selection of design firm expected in mid-February.	
6	Biological Sciences Building Renovation	Biological Sciences Building Renovation	21,990,000	E&G Carryforward Contracts & Grants	360,000 21,630,000	- -	360,000 21,630,000	-	317,200	21,672,800	1,251,500	-	1,251,500	Federal State Fiscal Recovery Funds (SFRF) award. E&G portion is schematic design to accelerate project schedule with the Engineer of Record. Architect/Engineer selection in progress with final selection of design firm expected in mid-February.	
State Appropriated Projects <sup>1</sup>															
This category includes all FCO projects utilizing funds originally appropriated as FCO funds by the State of Florida, notwithstanding criteria in Board regulation 14.001. These funds should never be included in the operating budget. Examples, PECO (including Sum-of-Digits) and CITF. Reference Board reg 14.003(12)(d). For the purpose herein, all projects \$2 million or less can be consolidated into a single line item.															
	Partnership IV and V	Building purchase and renovation for partnership with the Department of Defense	42,000,000	PECO	42,000,000	-	42,000,000	42,000,000	-	-	92,490	184,979	(92,490)	Project-specific PECO allocation	
	Repair, Maintenance, Renovation, Remodel (Sum of Digits)	Minor projects - repair, maintenance, renovation, remodel, site improvements	5,700,180	PECO	5,700,180	(38,800)	5,661,380	3,961,015	130,158	1,570,207	656,410	230,064	426,346	PECO funding for RMRR (sum of digits)	
	College of Science building HVAC Control System Replacement	Replace HVAC control system for College of Science building	1,528,095	PECO Prior Year E&G	1,061,700 466,395	(27,849) 27,849	1,033,851 494,244	1,316,385	128,562	83,148	115,663	19,615	96,048	Project is near close out	
	John Hitt Library Renovation Phase II	Renovation of existing library spaces	40,978,312	CITF	40,978,312	2,000,000	42,978,312	22,021,417	2,091,614	18,865,281	5,826,888	6,009,149	(182,261)	Library Level 3 renovation achieved its Certificate of Occupancy on 12/16/22, Library staff are moving into space and intend to open the floor to students in early March. Remaining funds will be allocated to the Library Level 2 renovation, which will be presented for individual project approval to the BOT in late 2023.	
	Performing Arts Complex Phase II - Design Only	Design of a new Performing Arts Complex on UCF main campus	2,750,000	CITF Donations	2,000,000 750,000	- -	2,000,000 750,000	578,627	1,740,913	430,460	862,416	150,959	711,458	Advanced Schematic Design continues with focus currently on the building exterior and lobby design. Final Advanced Schematic Design meeting scheduled for March 8, 2023. Project will then stop design and focus on fundraising activities. CITF funding will be spent first and the remaining balance will represent funding from donations.	
	Burnett School of Biomedical Sciences Controls Upgrade	Upgrade the controls of the Burnett Bio-Medical Sciences Building	999,485	PECO	999,485	-	999,485	617,730	257,431	124,324	280,579	179,403	101,176	Functional performance testing of the controls in progress. Next steps include commissioning of the system and project close-out.	
	Non-Appropriated Projects <sup>1</sup>														
This category includes all university FCO projects that have not directly or indirectly used funds appropriated by the State. Examples include private donations, athletic revenues, federal grants, housing/parking revenue bonds, etc. Reference Board reg 14.003(12)(e). For the purpose herein, all projects \$2 million or less can be consolidated into a single line item.															
	Roth Athletic Center-Interior Buildout	Buildout of addition	9,528,000	Donations	9,528,000	-	9,528,000	9,121,547	4,833	401,620	298,273	190,093	108,180	Work is complete, and project is in close-out. Anticipate project to be close end of March.	
	HVAC renovations to prevent the spread of			Contracts & Grants	29,000,000	(38,227)	28,961,773							Consists of multiple HVAC renovations including Visual Arts Building, Student Union, Classroom I, Communications and Media Building, Housing building	

145

CFSP #	Funding Source(s)											FCO Budget		Comments	
	Category	Project Title/Name	Description	Total Project(s) Cost	Source		Cost Revisions	Revised Project Cost	Expenditures	Encumbrances	Balance 12/31/22	Estimated Expense 7/1/22-12/31/22 <sup>1</sup>	Actuals 7/1/22-12/31/22		Difference
						Amount									
		HVAC renovations to prevent the spread of COVID-19 through air filtration systems	HEERF Air Quality Improvement Projects	29,058,123	Auxiliary	58,123	6,185	64,308	18,590,194	7,121,867	3,314,019	8,820,898	7,173,868	1,647,030	Engineering Building, the Library, the Student Union and the Creative School. Projects are in varying stages of completion. All are on target to be complete by May 31, 2023.
				29,058,123		(32,042)	29,026,080								
		Education Complex Fire Alarm Replacement	Education Complex Fire Alarm Replacement	443,514	Contracts & Grants	443,514	-	443,514	-	-	443,514	22,176	-	22,176	Federal State Fiscal Recovery Funds (SFRF) award.
		Student Union Roof and Building Envelope Repairs	Student Union Roof and Building Envelope Repairs	2,611,998	Activity & Svc Fees	2,611,998	151,914	2,763,912	412,276	1,877,348	474,288	964,152	371,350	592,802	Building envelope repairs completed. Roof replacement to being early February 2023.
		College of Nursing Building	College of Nursing Building	29,000,000	Contracts & Grants	29,000,000	-	29,000,000	-	-	29,000,000	1,450,000	-	1,450,000	Architect/Engineer selected. Program verification completed December 2022. Schematic design in progress. Project was reported as PECO on the FCO Budget. Funding source has been revised to Contracts & Grants to reflect Federal State Fiscal Recovery Funds (SFRF) award.
		Individual Projects under \$2M		3,741,908	Auxiliary	3,741,908	-	3,741,908	181,071	11,424	3,549,413	1,785,937	11,036	1,774,900	Includes Counseling and Psychological Services (CAPS) HVAC building controls renovation (\$200k), Housing deferred maintenance projects (\$3M), and a Downtown Parking Garage project (\$600k).
TOTALS:				\$251,810,862		\$251,810,862	\$2,145,589	\$253,956,451	\$116,124,894	\$22,121,017	\$115,710,539	\$36,814,419	\$19,916,072	\$16,898,347	

<sup>1</sup> Estimated expense though 12/31/22 represents one-half of the 2022-23 annual estimate per the approved 2022-23 Fixed Capital Outlay Budget.