February 22, 2024 Budget and Finance Committee

Board of Trustees
Rosen College of Hospitality Management - Disney Dining Room, Room 124
Feb 22, 2024 12:15 PM - 1:15 PM EST

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February 22, 2024 Budget and Finance Committee

Board of Trustees
Feb 22, 2024 at 12:15 PM EST to Feb 22, 2024 at 1:15 PM EST
Rosen College of Hospitality Management - Disney Dining Room, Room 124
Virtual Link: https://youtube.com/live/Zzquwtig2IE?feature=share

Agenda

I. Opening Actions

Call to Order and Welcome
Presenter: Harold Mills, Chair, Budget and Finance Committee

Roll Call — **12:15 PM**
Presenter: Carmen Jarquin, Administrative Operations Manager

II. Minutes of the November 16, 2023 meeting — 12:16 PM

Presenter: Chair Mills

III. Action — 12:17 PM

A. BUDC-1: Operating Budget for Housing Auxiliary Facility with Bonded Debt
Presenters: Gerald Hector, Senior Vice President for Administration and Finance, Bert Francis, Assistant Vice President for Debt Management and University Treasurer

IV. Discussion — 12:32 PM

A. DISC-1: Draft University Audited Financial Statements Report
Presenters: Gerald Hector, Senior Vice President for Administration and Finance, Danta White, Senior Assistant Vice President and University Controller

B. DISC-2: Internal Bank
Presenters: Gerald Hector, Senior Vice President for Administration and Finance, Bert Francis, Assistant Vice President for Debt Management and University Treasurer

C. DISC-3: SPIA Balances and Short-Term Investments
Presenters: Gerald Hector, Senior Vice President for Administration and Finance, Bert Francis, Assistant Vice President for Debt Management and University Treasurer

V. Information — 1:12 PM

A. INFO-1: University Investment Report – 2nd Quarter, Ended December 31, 2023
Presenters: Gerald Hector, Senior Vice President for Administration and Finance, Bert Francis, Assistant Vice President for Debt Management and University Treasurer

B. INFO-2: 2023-2024 Fixed Capital Outlay Budget Update as of December 31, 2023
Presenters: Gerald Hector, Senior Vice President for Administration and Finance, Jon Varnell, Vice President for Administrative Operations

VI. New Business

VII. Adjournment

UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees Meeting
Budget and Finance Committee
November 16, 2023
Live Oak Event Center | UCF Main Campus

MINUTES

CALL TO ORDER

Trustee Harold Mills, chair of the Budget and Finance Committee, called the meeting to order at 1:02 p.m.

In addition to Chair Mills, committee members present included Vice Chair Jeff Condello, and Trustees Tiffany Altizer, Rick Cardenas, Bill Christy, and Michael Okaty.

Other trustees in attendance included Board Chair Alex Martins, Danny Gaekwad, Brandon Greenaway, Stephen King, Caryl McAlpin, and John Miklos. Trustee Joseph Conte attended virtually.

MINUTES

The minutes of the September 27, 2023, Budget and Finance Committee meeting were approved as submitted.

DISCUSSION

At Chair Mills' request, Youndy Cook, Vice President and General Counsel, confirmed there were no disclosures of conflict of interest from the trustees.

DISC – 1 Investment Portfolio

Gerald Hector, Senior Vice President for Administration and Finance, Bert Francis, Assistant Vice President for Debt Management and University Treasurer, and Joseph Mera, Director for Financial Planning and Analysis for the UCF Foundation led the committee in a discussion regarding the investment protocols and opportunities for working capital funds at the university.

DISC – 2 Reporting Timelines and Protocols

Hector facilitated a generative discussion with the committee on the timing and nature of financial reporting desired by the Board of Trustees to fulfill its fiduciary responsibilities.

Trustees had the following comments:

- Altizer commented that a thorough management report delivered on a quarterly basis would be sufficient.
- Mills remarked that monthly gap financial statements are not the goal. He would like to see the move towards a monthly Profit & Loss (P&L) report in the future.
- Condello stated that a quarterly financial report is all that is needed.

INFORMATION

Four information items were included in the committee's meeting materials: 1) University Investment Report – 1st Quarter, Ended September 30, 2023, 2) University Operating Budget Report – 1st Quarter, Ended September 30, 2023, 3) Direct Support Organizations' (DSO) Financial Reports – 1st Quarter, Ended September 30, 2023, and 4) University and Direct Support Organizations Debt Report.

NEW BUSINESS

The committee had no new business to discuss.

ADJOURNMENT

Chair Mills adjourned the Budget and Finance Committee meeting at 1:45 p.m.

Reviewed by:

____

Harold Mills Date
Chair, Budget and Finance Committee

Respectfully submitted:

____

Michael A. Kilbride Date
Associate Corporate Secretary

Board of Trustees

Budget and Finance Committee

February 22, 2024

Agenda Item

BUDC-1: Operating Budget for Housing Auxiliary with Bonded Debt

Proposed Board Action

The Budget and Finance Committee is asked to recommend to the Board of Trustees, on its consent agenda approval of the 2024-2025 Housing Auxiliary Budget.

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

Supporting Documentation Included

Attachment A: 2024-2025 Proposed Auxiliary Facilities Operating Budgets – Housing Operations

Facilitators/Presenters

Gerald Hector, Senior Vice President for Administration and Finance
Bert Francis, Assistant Vice President for Debt Management and University Treasurer

Operating Budget for Housing Auxiliary Facility with Bonded Debt

EXECUTIVE SUMMARY

Objective

The Budget and Finance Committee is being asked to review and recommend approval of the proposed 2024-2025 Operating Budget for the Housing Auxiliary Facility with Bonded Debt. 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 its Housing auxiliary.

For the FY2024-2025 budget, the university decided to create one document that displays variables and line items that are requested by the Board of Governors (BOG). In prior years, the university presented one format for its Board of Trustees, and a different version for the BOG. This change in reporting format is in line with the changes we made to the Spending Authority that the Board of Trustees approves in its fourth and first quarter meetings (preliminary and final). This approach ensures that what the Board of Trustees approve is exactly what the BOG will receive. This format is akin to a cash balance roll forward from year to year. It has the elements of revenues and expenses that forms the annual operating budget for our housing units that provides the details of financial operations for the upcoming fiscal year.

Summary of Key Observations/Recommendations

Below are some key tenets and variables that support the Housing Auxiliary budget for fiscal year 2024-2025.

Parking:
The University paid off all parking bonds at the beginning of fiscal year 2023-2024 and has satisfied all bond requirements. Parking is no longer subject to bonded facility requirements by the State.

Housing:
Fiscal year 2023-2024 estimated revenues are expected to increase **$1.59 million**, or **5.45%**, primarily due to the previously approved increase in rental rates and due to increases in other revenues.

Fiscal year 2023-24 estimated expenses are trending to be either in-line, or less than, the approved budget for fiscal year 2023-24. Total expenditures for fiscal year 2023-24 are projected to increase by **$8.22 million,** or **30.59%,** compared to prior year actuals, primarily due to the following notable changes:

1. An increase of **$5.94 million** in construction transfers to address a variety of deferred maintenance needs and capital improvements on the existing housing facilities.

2. An increase of **$758,000** for salary and matching expenditures primarily due to the conversion of various other personnel service (OPS) positions to full-time staff positions, new staff positions that were created for facilities maintenance, and the filling of several vacant staff positions.

3. An increase of **$1.57 million** in general operating expenditures which are attributed to the following changes:
    a. Auxiliary overhead – An increase of approximately **$610,000** (Note: The FY 2022-2023 auxiliary overhead charge was based on fiscal year 2020-2021 actual revenues which were abnormally low due to the pandemic recovery. The estimated auxiliary overhead for FY 2023-2024 is in line with the amounts from prior years at full occupancy.
    b. Utilities – Estimated increase of **$400,000**.
    c. Inflation – Estimated increase of **$564,000** in the cost of goods and services primarily due to inflationary increases.

Fiscal year 2024-2025 revenues are budgeted to increase by an additional **$983,000** due to the previously approved increase in rental rates.

Fiscal year 2024-2025 proposed total budgeted expenditures are expected to <u>decrease</u> **$285,600**, or **.81%**, primarily due to the following notable changes:

1. Salaries and Matching - An increase of approximately **$534,000** to fill existing vacant positions.

2. Other Personnel Services – An increase of approximately **$127,000** to account for an **8.33%** increase in minimum wage for hourly employees and an increase in general hours worked.

3. Operating Expenses – An increase of a **$1 million** contingency budget. Due to restrictions in the ability to increase bonded auxiliary facility budgets without requesting subsequent BOG approval, this amount will be utilized to cover any unexpected maintenance needs on the existing housing facilities.

4. Other Outflows and Transfers Out – A <u>decrease</u> of approximately **$2.03** million versus fiscal year 2023-2024 estimated actuals based on the projected repair and replacement needs provided by UCF Facilities and Safety. The fiscal year 2024-2025 transfer out expenditures

of **$5.04** million includes capital expenditures for fire alarm replacements, HVAC replacements, window replacements, and metal stair replacements.

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

Additional Background

The University defeased the parking bonds at the beginning of FY24 and has satisfied all bond requirements. Parking is no longer subject to bonded facility requirements by the State as of June 30, 2023.

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 is restricted by either state statute, Board of Governors' regulations, and/or bond covenants. For Housing debt, the reserve requirements for repair and replacement indicate that a balance totaling 30% of pledged revenues must be maintained. Housing 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 2023-2024 estimates were prepared using updated assumptions and estimates based on information available through December 31, 2023.

Rationale

The Department of Housing and Residence Life provides residents with safe and secure housing communities that foster student success and well-being. The 2024-2025 proposed budget will support those efforts in providing a premier experience for residents to live, learn, and become tomorrow's global citizens. It will also provide for the proper maintenance and care of our residential facilities, including more than $5 million in capital projects.

Implementation Plan

Under the direction of the Division of Student Success and Well-Being (SSWB), the Department of Housing and Residence Life will carry out its mission and adhere to the requested budget. Revenue sources will be used for operational expenditures, debt service, and non-operational expenditures, (i.e. transfers to capital projects, reserves, SSWB and UCF IT).

Resource Considerations

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

Conclusion

Staff recommends approval of the 2024-2025 Operating Budget for the Housing Auxiliary with Bonded Debt. Without the BOT’s approval, reductions in staff, maintenance, capital projects, and student services will need be made due to inflationary impacts.

INCOME AND EXPENDITURE STATEMENT

UNIVERSITY: University of Central Florida

BOND TITLE: Housing Revenue Certificates Series, Series 2018A and Series 2021A

AUXILIARY FACILITY (IES): Housing Facilities

		2022-23 Actual	2023-24 Estimated	2024-25 Projected
1.	REVENUE CARRIED FORWARD			
	A. Operating Cash Carried Forward:			
	Liquid	$ 14,415,812	$ 16,778,113	$ 11,861,705
	Investments	-	-	-
	Subtotal:	14,415,812	16,778,113	11,861,705
	B. Replacement Reserve Forward:			
	Debt Service Reserve	-	-	-
	Maintenance & Equipment Reserve	8,588,177	8,588,177	9,243,038
	General Reserve	-	-	-
	Subtotal:	8,588,177	8,588,177	9,243,038
	TOTAL CARRIED FORWARD (A +B):	23,003,989	25,366,290	21,104,743
2.	CURRENT YEAR REVENUE / INFLOWS			
	* Revenue	28,556,984	29,175,128	30,158,524
	Interest Income	-	-	-
	Other Income / Inflows	660,781	1,635,000	1,635,000
	TOTAL CURRENT YEAR REVENUE:	29,217,765	30,810,128	31,793,524
3.	SUMMARY OF AVAILABLE REVENUES (1 +2):	52,221,754	56,176,418	52,898,267
4.	CURRENT YEAR EXPENDITURES / OUTFLOWS			
	Salaries and Matching	7,658,843	8,416,384	8,950,000
	Other Personal Services	1,384,145	1,376,013	1,503,162
	Operating Expense	8,044,577	9,618,648	10,618,648
	Repairs and Maintenance	2,212,799	2,092,717	2,174,749
	Debt Service	6,404,913	6,400,913	6,401,538
	Repair and Replacement Expense	-	-	-
	Operating Capital Outlay	24,120	100,000	100,000
	Other Outflows & Transfers Out	1,126,067	7,067,000	5,038,021
	TOTAL EXPENDITURES:	26,855,464	35,071,675	34,786,118
5.	TRANSFERS TO REPLACEMENT RESERVES			
	Debt Service Reserve	-	-	-
	Maintenance & Equipment Reserve	-	654,861	295,019
	General Reserve	-	-	-
	Subtotal:	-	654,861	295,019
6.	TRANSFERS FROM REPLACEMENT RESERVES			
	Debt Service Reserve	-	-	-
	Maintenance & Equipment Reserve	-	-	-
	General Reserve	-	-	-
	Subtotal:	-	-	-
7.	ENDING REPLACEMENT RESERVES (1B +5 -6)			
	Debt Service Reserve	-	-	-
	Maintenance & Equipment Reserve	8,588,177	9,243,038	9,538,057
	General Reserve	-	-	-
	Interest Earned on Reserve Balances	-	-	-
	Subtotal:	8,588,177	9,243,038	9,538,057
8.	ENDING OPERATING CASH (1A +2 -4 -5)	16,778,113	11,861,705	8,574,093
9.	SUMMARY OF ENDING REVENUES (7 +8)	$ 25,366,290	$ 21,104,743	$ 18,112,150

*** REQUIRED INFORMATION ***

Date budget approved by University Board of Trustees:

Prepared By: Bert Francis **Telephone: 407-882-1075**

*** Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.**

UNIVERSITY AXILIARY FACILITIES
NARRATIVE SUPPLEMENT TO INCOME AND EXPENDITURE STATEMENT
TO BE PROVIDED TO BOARD OF GOVERNORS MEMBERS

1. Do the pledged revenues reported contain any overhead assessments ? If yes, please explain.

An overhead rate of 9% is charged to the Housing auxiliary based on revenues collected two years in arrears. The total is included in operating expenses .

2. Do pledged revenues or expenditures change year over year 10% or more ? If yes, please explain.

Yes - Fiscal year 2022-23 actuals vs fiscal year 2023-24 estimated expenditures are expected to increase roughly 30%. The majority of the increase is attributed to the three subcategories identified below with the following explanations:

- Salaries and Matching - Various other personal services lines were converted to full-time staff lines, new positions were created for facilities maintenance, and additional vacant lines were filled.

- Operating Expense - An increase of $1.57 million in general operating expenditures which are attributed to the following changes: 1. Auxiliary overhead – An increase of approximately $610,000 (Note: The FY 2022-23 auxiliary overhead charge was based on fiscal year 2020-21 actual revenues which were abnormally low due to the pandemic recovery. The estimated auxiliary overhead for FY 2023-24 is in line with the amounts from prior years at full occupancy.) 2. Utilities – Estimated increase of $400,000. 3. Inflation – Estimated increase of $564,000 in the cost of goods and services primarily due to inflationary increases.

- Other Outflows & Transfers Out - An increase of $5.94 million to fund construction transfers to address a variety of deferred maintenance needs and capital improvements on the existing housing facilities.

3. Please explain amounts categorized as "other".

Other Income / Inflows account for revenues not associated with rent revenue, including, but not limited to conference, vending, and miscellaneous revenue

Other Outflows & Transfers Out includes transfers to the construction fund to address a variety of deferred maintenance needs and capital improvements on the existing housing facilities.

Board of Trustees

Budget and Finance Committee

February 22, 2024

Agenda Item

DISC-1: Draft University Audited Financial Statements Report

Proposed Board Action

This information is being presented for discussion purposes only.

Authority for Board of Trustees Action

Board of Governors Regulation 9.009 Preparation of the State University System Financial Statements; UCF Board of Trustees Policy, Presidential Authority and Delegation, Section 6(o)

Supporting Documentation Included

Attachment A: Draft University Audited Financial Report

Facilitators/Presenters

Gerald Hector, Senior Vice President for Administration and Finance
Danta White, Senior Assistance Vice President for Financial Affairs and University Controller

Draft University Audited Financial Statements Report

EXECUTIVE SUMMARY

Objective

This item is provided to the trustees to discuss the draft financial results of the University for fiscal year 2022-2023. This is a preliminary update; the final audit will be issued in the February to March timeframe.

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 component units, which collectively comprise the University's basic financial statements, as of and for the fiscal year ended June 30, 2023. On January 26, 2024, the financial leadership of the university met with the state auditors for our audit exit interviews. There are a few items that will be reviewed further, and then the audit results will be forwarded to Tallahassee to be included in the State of Florida's combined audit report.

Summary of Key Observations/Recommendations

- As of the January 26, 2024, meeting with the state auditors, the university received a preliminary unmodified opinion with no audit findings. An unmodified opinion is the highest level of attestation the university can receive. These results join with all the audits conducted for our Direct Support Organizations (DSOs) where we received unmodified opinions and had no audit findings there as well.

- The Statement of Net Position (e.g., balance sheet) 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 University's assets and deferred outflows of resources totaled **$2.6 billion** at June 30, 2023. This balance reflects a **$89.7 million**, or **3.6%**, increase as compared to the 2021-22 fiscal year, resulting primarily from recognizing assets due to implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA) and amounts due from primary government related to capital appropriations; offset by decreases of deferred outflows relating to other postemployment benefits. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources decreased by **$3.1 million**, or **0.2 percent**, totaling **$1.4 billion** as of June 30, 2023.

As a result, the University's net position increased by **$92.8 million** or **8.2%,** resulting in a year-end balance of **$1.2 billion**. The increase was primarily due to a **$67.1 million** increase in restricted net position primarily due to a **$48 million** increase in restricted for capital assets driven by increase in due from primary government related to capital appropriations. The net position includes a negative unrestricted net position of **$158.0 million**. The deficit can be attributed primarily to the full recognition of certain long-term liabilities (specifically, compensated absences payable, other post-employment benefits (OPEB) payable and deferrals, and net pension liability and deferrals) in the current unrestricted funds that are expected to be paid overtime. Unrestricted net position before recognition of these long-term liabilities and deferred outflows and inflows is positive **$528.8 million** or an increase of **$23.0 million** or **4.5%**. This increase was primarily the result of unrealized investment gains.

- The Statement of Revenues, Expenses, and Changes in Net Position (e.g., Income Statement) presents the University's revenue and expense activity, categorized as operating and nonoperating. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

  The University's operating revenues totaled **$570.4 million** for the 2022-23 fiscal year, representing a **0.2%** increase compared to the 2021-22 fiscal year. Operating expenses totaled **$1.3 billion** for the 2022-23 fiscal year, representing a decrease of **0.03%** as compared to the 2021-22 fiscal year. Net nonoperating revenues increased by **$16.1 million**, or **2.2%**, primarily due to increases in investment income **($74.9 million** increase) and state noncapital appropriations (**$27.3 million** increase), offset by decreases in Federal and State Student Financial Aid (**$7.9 million** decrease) and other nonoperating revenues (**$84.9 million** decrease). Other nonoperating revenue decrease is primarily due to a reduction of HEERF Institutional funding as the federal program comes to an end. Other revenue, which is composed of State capital appropriations and capital grants, contracts, donations, and fees, increased **$60.6 million** or 560%. This increase is primarily due to State capital appropriations increasing by **$61 million** for new state funded construction projects.

Additional Background

N/A

Rationale

N/A

Implementation Plan

N/A

Resource Considerations

N/A

Conclusion

N/A

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, 2023, 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, 2023, and June 30, 2022.

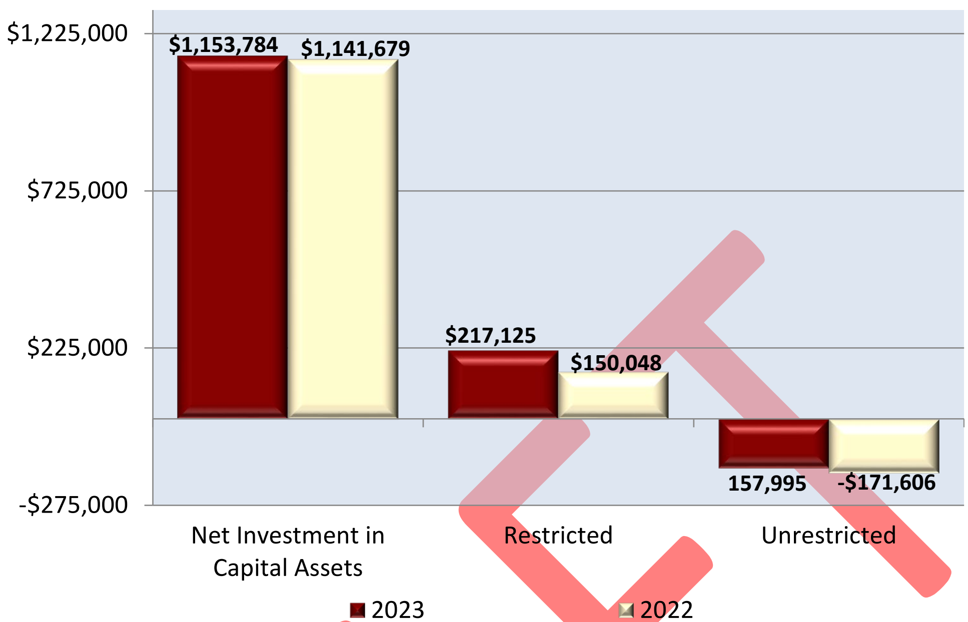
Financial Highlights

The University's assets and deferred outflows of resources totaled $2.6 billion at June 30, 2023. This balance reflects a $89.7 million, or 3.6 percent, increase as compared to the 2021-22 fiscal year, resulting primarily from recognizing assets due to implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA) and amounts due from primary government related to capital appropriations, offset by decreases of deferred outflows relating to other postemployment benefits. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources decreased by $3.1 million, or 0.2 percent, totaling $1.4 billion at June 30, 2023. As a result, the University's net position increased by $92.8 million, resulting in a year-end balance of $1.2 billion.

The University's operating revenues totaled $570.4 million for the 2022-23 fiscal year, representing a 0.2 percent increase compared to the 2021-22 fiscal year. Operating expenses totaled $1.3 billion for the 2022-23 fiscal year, representing a decrease of 0.03 percent as compared to the 2021-22 fiscal year.

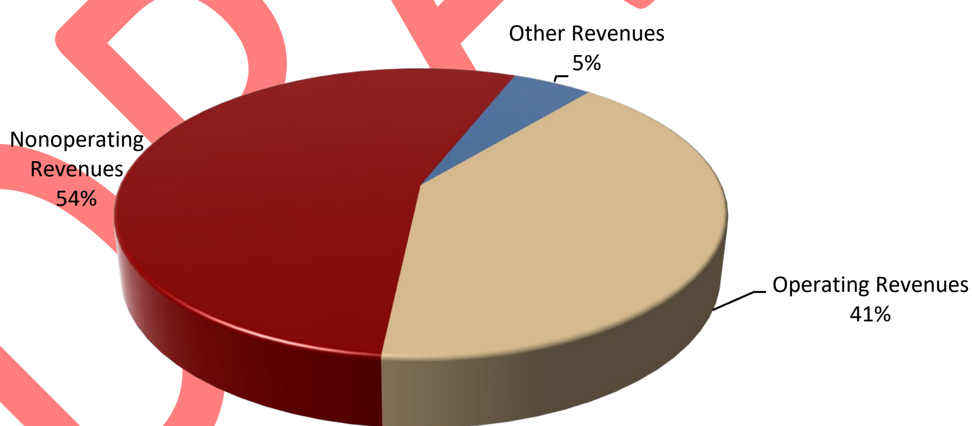
Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2023, and June 30, 2022, is shown in the following graph:

Net Position
(In Thousands)



The following chart provides a graphical presentation of University revenues by category for the 2022-23 fiscal year:

Total Revenues
2022-23 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)

	2023	2022
Assets		
Current Assets	$ 806,621	$ 700,434
Capital Assets, Net	1,437,927	1,427,426
Other Noncurrent Assets	111,417	128,924
Total Assets	2,355,965	2,256,784
Deferred Outflows of Resources	240,042	249,486
Liabilities		
Current Liabilities	144,955	141,522
Noncurrent Liabilities	922,045	854,951
Total Liabilities	1,067,000	996,473
Deferred Inflows of Resources	316,092	389,676
Net Position		
Net Investment in Capital Assets	1,153,785	1,141,679
Restricted	217,124	150,048
Unrestricted	(157,994)	(171,606)
Total Net Position	$ 1,212,915	$ 1,120,121

Total assets as of June 30, 2023, increased $99.2 million, or 4.4 percent, while deferred outflows of resources decreased by $9.4 million, or 3.8 percent. Liabilities increased by $70.5 million, or 7.1 percent, and deferred inflows of resources decreased by $73.5 million, or 18.9 percent. These changes were primarily related to due from primary government, unrealized investment gains, and postemployment benefits along with assets recognized due to GASB Statement No. 96, *SBITA*, implementation.

<u>The Statement of Revenues, Expenses, and Changes in Net Position</u>

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 2022-23 and 2021-22 fiscal years:

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

(In Thousands)

Net Nonoperating Revenues	764,602	748,481
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(1,672)	(19,224)
Other Revenues, Expenses, Gains, or Losses	71,373	10,814
Net Increase (Decrease) In Net Position	69,701	(8,410)
Net Position, Beginning of Year	1,120,121	1,128,495
Adjustment(s) to Beginning Net Position (1)	23,093	36
Net Position, Beginning of Year, as Restated	1,143,214	1,128,531
Net Position, End of Year	$ 1,212,915	$ 1,120,121

(1) For the 2022-23 fiscal year, the University's beginning net position was increased due to implementation of GASB Statement No.96, *Subscription-Based Information Technology Arrangements*.

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 2022-23 and 2021-22 fiscal years:

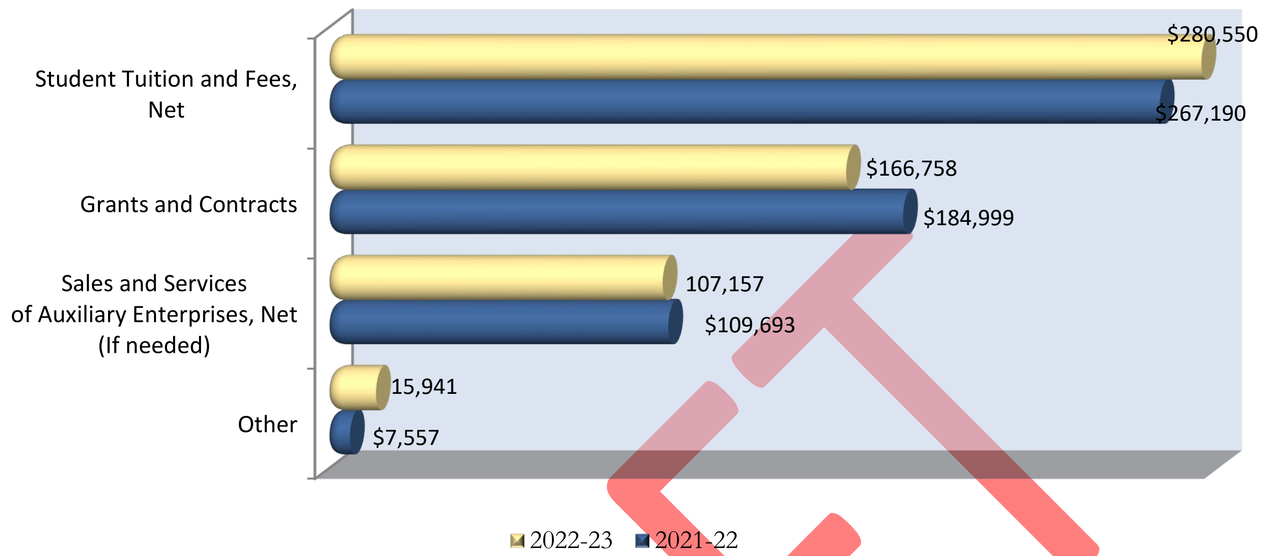
Operating Revenues
For the Fiscal Years

(In Thousands)

	2022-23	2021-22
Student Tuition and Fees, Net	$ 280,550	$ 267,190
Grants and Contracts	166,758	184,999
Sales and Services of Auxiliary Enterprises, Net	107,157	109,693
Other	15,941	7,557
Total Operating Revenues	$ 570,406	$ 569,439

The following chart presents the University's operating revenues for the 2022-23 and 2021-22 fiscal years:

Operating Revenues (In Thousands)



Operating revenues increased $968 thousand or 0.20 percent over the 2021-22 fiscal year primarily due to an increase in student tuition and fees, net, and a decrease in grants and contracts. Student tuition and fees, net, increased $13.4 million or 5.0 percent as a result of a slight increase in enrollment. Grants and contracts decreased $18.2 million or 9.9 percent due to a reduction in Higher Education Emergency Fund (HEERF) spending as the federal program winds down.

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 2022-23 and 2021-22 fiscal years:

Operating Expenses
For the Fiscal Years

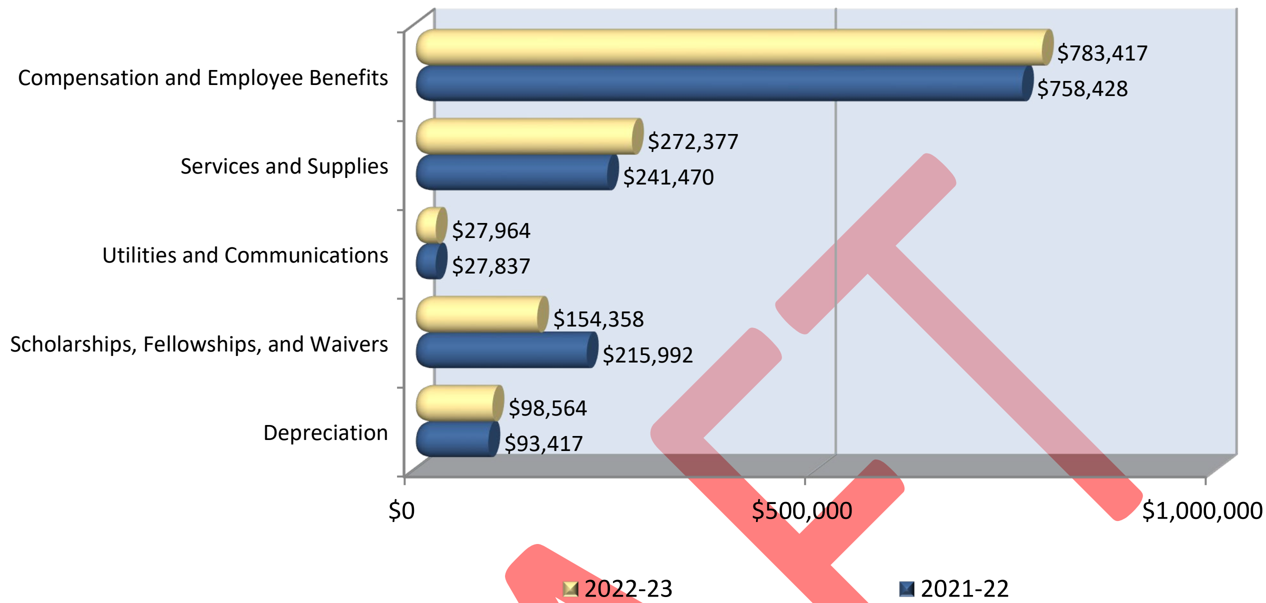
(In Thousands)

	2022-23	2021-22
Compensation and Employee Benefits	$ 783,417	$ 758,428
Services and Supplies	272,377	241,471
Utilities and Communications	27,964	27,837
Scholarships, Fellowships, and Waivers	154,358	215,992
Depreciation	98,564	93,416
Total Operating Expenses	$ 1,336,680	$ 1,337,144

The following chart presents the University's operating expenses for the 2022-23 and 2021-22 fiscal years:

Operating Expenses

(In Thousands)



Operating expenses decrease $463 thousand, or .03 percent, over the 2022-23 fiscal year, resulting from increases in compensation and employee benefits and services and supplies, offset by a decrease in scholarships and fellowships. Compensation and employee benefits increased by $24.9 million, or 3.3 percent, primarily resulting from employee merit and pay increases and the annual change in actuarial determined amounts for other postemployment benefits and pensions. Services and Supplies increased by $30.6 million, or 12.71 percent primarily due to increase in information technology (IT) services and supplies to improve the university's IT infrastructure. Scholarships and fellowships decrease by $61.2 million, or 28.3 percent resulting from the reduction in HEERF Emergency Student Financial Aid disbursements.

<u>Nonoperating Revenues and Expenses</u>

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 2022-23 and 2021-22 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2022-23	2021-22
State Noncapital Appropriations	$ 405,908	$ 378,654
Federal and State Student Financial Aid	329,435	337,372
Investment Income (Loss)	39,133	(35,815)
Gain/Loss on Disposal of Capital Assets	(129)	(809)
Other Nonoperating Revenues	36,364	121,223
Interest on Capital Asset-Related Debt	(6,029)	(5,919)
Other Nonoperating Expenses	(40,080)	(46,225)
Net Nonoperating Revenues	$ 764,602	$ 748,481

Net nonoperating revenues increased by $16.1million, or 2.15 percent, primarily due to increase in investment income, offset by decreases in Federal and State Student Financial Aid and other nonoperating revenues. Investment income increased by $81 million primarily due to unrealized gains from changes in fair market valuations of investments since the prior year. Other nonoperating revenue decrease by $84 million primarily due to reduction of HEERF Institutional funding as the federal program comes to an end.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2022-23 and 2021-22 fiscal years:

Other Revenues, Expenses, Gains, or Losses
For the Fiscal Years

(In Thousands)

	2022-23	2021-22
State Capital Appropriations	$ 70,378	$ 9,302
Capital Grants, Contracts, Donations, and Fees	995	1,512
Additions to Permanent Endowments	-	-
Other Revenues (Expenses)	-	-
Total	$ 71,373	$ 10,814

State Capital Appropriations increased by $61 million primarily due to an increase in due from primary government for new 2022-23 construction projects.

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 2022-23 and 2021-22 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2022-23	**2021-22**
Cash Provided (Used) by:		
Operating Activities	$ (674,833)	$ (679,685)
Noncapital Financing Activities	731,925	776,721
Capital and Related Financing Activities	(74,793)	(76,577)
Investing Activities	227,587	12,736
Net Increase (Decrease) in Cash and Cash Equivalents	209,886	33,195
Cash and Cash Equivalents, Beginning of Year	57,182	23,987
Cash and Cash Equivalents, End of Year	$ 267,068	$ 57,182

Cash and cash equivalents increased by $209.9 million. Cash inflows from investing activities increased $214.9 million or 1,687 percent, primarily due to a change in investment approach of shifting from the State Treasury Special Purpose Investment Account to more money market funds (e.g., cash equivalents).

Major sources of funds came from proceeds from sales and maturities of investments ($1.8 billion), State noncapital appropriations ($405.9 million), Federal and State student financial aid ($266.7 million), net student tuition and fees ($276.6 million), Federal direct loan program receipts ($179.8 million), grants and contracts ($157.8 million), and sales and services of auxiliary enterprises (net) ($90.1 million). Major uses of funds were for purchases of investments ($1.6 billion), payments to employees ($769.8 million), payments to suppliers for goods and services ($307.7 million); disbursements to students for the Federal Direct Loan program ($179.8 million), and payments to students for scholarships and fellowships ($154.4) million.

Capital Assets, Capital Expenses and Commitments, and Debt Administration

Capital Assets

At June 30, 2023, the University had $2.6 billion in capital assets, less accumulated depreciation of $1.2 billion, for net capital assets of $1.4 billion. Depreciation charges for the current fiscal year totaled $98.6 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)

	2023	2022
Land	$ 43,016	$ 43,016
Construction in Progress	51,733	39,905
Buildings	1,025,475	1,056,371
Infrastructure and Other Improvements	38,243	40,646
Furniture and Equipment	45,225	37,090
Library Resources	30,865	31,518
Subscription-Based Information Technology Arrangements	43,034	-
Leasehold Improvements	7,542	8,482
Lease Assets	152,087	170,016
Computer Software & Other Capital Assets	325	-
Works of Art and Historical Treasures	382	382
Capital Assets, Net	$1,437,927	$1,427,426

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, 2023, and the University's construction commitments at June 30, 2023, are as follows:

	Amount (In Thousands)
Total Committed	$ 113,445
Completed to Date	(51,733)
Balance Committed	$ 61,712

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

Debt Administration

As of June 30, 2023, the University had $279.6 million in outstanding capital improvement debt payable, loans payable, and leases payable, representing a decrease of $25.3 million, or 8.3 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	2023	2022
Capital Improvement Debt	$ 74,208	$ 80,937
Loans/Notes Payable	50,247	52,997
Leases Payable	155,158	170,933
Total	$ 279,613	$ 304,867

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 2022-2023 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 2022-2023 fiscal year included $656.4 million in base-funding increases for the State University System, of which the University received $70.5 million. Further, the University's performance funding was increased by $9.7 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 increased 5.0 percent from 2021-22 to 2022-23. The increase was primarily due to a 5.9% decrease in tuition scholarship allowance. Overall, enrollment decreased 2.8 percent with a student count of approximately 68,406. The change was primarily due to a 1,308 headcount decrease in transfer students and a 641 headcount decrease in graduate. 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 M. White, CPA, Assistant Vice President and University Controller, University of Central Florida, 12424 Research Parkway, Suite 300, Orlando, Florida 32826.

UNIVERSITY NAME
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2023

	University	Component Unit(s)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 259,525,730	$ 53,993,994
Restricted Cash and Cash Equivalents	-	-
Investments	357,754,563	-
Accounts Receivable, Net	75,178,241	18,321,184
Loans Leases and Notes Receivable, Net	3,420,957	13,756,274
Due from State	86,311,534	-
Due from Component Unit(s)	8,704,917	2,623,556
Due from University	-	53,159,513
Inventories	7,471,578	133,746
Other Current Assets	8,253,115	3,958,513
Total Current Assets	806,620,633	145,946,780
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	7,542,532	21,926,777
Investments	-	-
Restricted Investments	40,113,014	339,210,995
Loans Leases and Notes Receivable, Net	54,255,978	200,598,540
Depreciable Capital Assets, Net	1,147,839,024	95,652,052
Nondepreciable Capital Assets	94,966,868	64,504,703
Right to Use Leases/SBITA, Net	195,121,225	74,410,673
Due from Component Unit	3,558,874	9,000,000
Other Noncurrent Assets	5,947,210	1,519,054
Total Noncurrent Assets	1,549,344,725	806,822,794
Total Assets	2,355,965,358	952,769,574
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	123,455,871	-
Pensions	107,054,228	-
Deferred Amount on Debt Refunding(s)	9,532,476	3,649,911
Total Deferred Outflows of Resources	240,042,575	3,649,911
LIABILITIES		
Current Liabilities:		
Accounts Payable	10,734,234	10,587,633
Construction Contracts Payable	3,628,675	-
Salary and Wages Payable	17,792,309	-
Retirement Plan(s) Payable	-	-
Deposits Payable	5,741,865	-
Due to State	-	-
Due to Component Unit(s)	53,159,513	2,623,556
Due to University	-	8,704,917
Unearned Revenue	15,202,491	30,169,078
Other Current Liabilities	1,062,934	1,740,079
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	6,125,000	-
Loans and Notes Payable	2,816,000	8,517,000
Right to Use Leases - Current	2,435,837	263,192
Right to Use Leases CU - Current	10,855,889	3,641,484
Subscription Arrangement(s) Liability	2,011,595	-
Compensated Absences Payable	5,912,053	195,022
Other Postemployment Benefits Payable	7,421,342	-
Net Pension Liability	56,136	-
Bond and Revenue Certificates Payable	-	11,341,000
Total Current Liabilities	144,955,874	77,782,961

LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	68,082,860	-
Loans and Notes Payable	47,431,000	69,030,999
Right to Use Leases	29,130,613	4,133,235
Right to Use Leases - CU	112,735,636	65,942,702
Subscription Arrangement(s) Liability	20,279,804	-
Compensated Absences Payable	59,777,429	677,462
Other Postemployment Benefits Payable	287,493,641	-
Net Pension Liability	296,330,179	-
Revenues Received in Advance		33,627
Bonds and Revenue Certificates Payable		166,249,210
Due to University		3,558,874
Due to Component Units		9,000,000
Other Non-Current Liabilities	784,270	190,404
Total Noncurrent Liabilities	922,045,433	318,816,513
Total Liabilities	1,067,001,307	396,599,474
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	241,083,875	-
Pensions	19,240,828	-
Leases	55,767,307	169,266,575
Deferred Inflow - Other	-	-
Total Deferred Inflows of Resources	316,092,010	169,266,575
NET POSITION		
Net Investment in Capital Assets (A)	1,153,784,682	94,123,176
Restricted for Nonexpendable:		
Endowment	-	156,006,374
Restricted for Expendable:		
Debt Service	36,476	-
Loans	3,483,922	-
Capital Projects	127,721,123	316,698
Other	85,883,328	164,757,094
Unrestricted	(157,994,915)	(24,649,906)
TOTAL NET POSITION	$ 1,212,914,616	$ 390,553,436

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

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UNIVERSITY NAME
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2023

	University	Component Unit(s)
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $236,199,909 (Pledged for Capital Improvement Debt: $15,928,236 for Parking)	280,550,489	$ -
Federal Grants and Contracts	126,372,339	-
State and Local Grants and Contracts	15,519,566	-
Nongovernmental Grants and Contracts	24,865,862	-
Sales and Services of Auxiliary Enterprises (Net) Pledged for Capital Improvement $30,490,878 for Housing and $6,870,443 for the Parking	107,157,436	
Gifts and Donations		71,322,924
Interest on Loans and Notes Receivable	910,553	-
Other Operating Revenues (Pledged for Capital Improvement: $441,050 for Parking)	15,030,355	167,641,934
Total Operating Revenues	570,406,600	238,964,858
EXPENSES		
Operating Expenses:	-	
Compensation and Employee Benefits	783,417,482	26,599,277
Services and Supplies	272,377,302	151,353,534
Utilities and Communications	27,963,530	-
Scholarships, Fellowships, and Waivers	154,358,240	-
Depreciation	98,564,058	8,759,065
Other Operating Expenses	-	-
Total Operating Expenses	1,336,680,611	186,711,876
Operating Income (Loss)	(766,274,011)	52,252,982
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	405,907,976	-
Federal and State Student Financial Aid	266,713,866	-
Noncapital Grants, Contracts, and Gifts	62,722,210	-
Investment Income (Loss)	39,133,196	1,100,471
Other Nonoperating Revenues	36,364,273	39,749,270
Loss on Disposal of Capital Assets	(129,171)	-
Interest on Capital Asset-Related Debt	(6,029,637)	(7,142,799)
Other Nonoperating Expenses	(40,080,570)	(1,746,447)
Net Nonoperating Revenues (Expenses)	764,602,143	31,960,495
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(1,671,868)	84,213,477
State Capital Appropriations	70,378,061	-
Capital Grants, Contracts, Donations, and Fees	994,815	-
Additions to Permanent Endowments	-	5,154,550
Other Revenues (Expenses)	-	-
Total Other Revenues (Expenses)	71,372,876	5,154,550
Increase (Decrease) in Net Position	69,701,008	89,368,027
Net Position, Beginning of Year	1,120,120,837	301,185,409
Adjustment to Beginning Net Position	23,092,770	-
Net Position, Beginning of Year, as Restated	1,143,213,607	301,185,409
Net Position, End of Year	$ 1,212,914,616	$ 390,553,436

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

UNIVERSITY NAME
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2023

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 276,626,857
Grants and Contracts	157,815,236
Sales and Services of Educational Departments	
Sales and Services of Auxiliary Enterprises, Net	90,095,134
Interest on Loans and Notes Receivable	309,019
Payments to Employees	(769,844,261)
Payments to Suppliers for Goods and Services	(307,683,729)
Payments to Students for Scholarships and Fellowships	(154,358,240)
Loans Issued to Students	(233,076)
Collection on Loans to Students	-
Funds Received for Deposits Held for Others	-
Funds Disbursed for Deposits Held for Others	-
Other Operating Receipts (Disbursements)	32,440,554
Net Cash Used by Operating Activities	(674,832,506)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	405,907,976
State Appropriated American Recovery and Reinvestment Act Funds	-
Federal and State Student Financial Aid	266,713,866
Federal Direct Loan Program Receipts	179,821,900
Federal Direct Loan Program Disbursements	(179,821,900)
Net Change in Funds Held for Others	8,822,529
Other Nonoperating Receipts (Disbursements)	50,480,293
Net Cash Provided (Used) by Noncapital Financing Activities	731,924,664
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt and Leases	-
State Capital Appropriations	11,316,577
Capital Grants, Contracts, Donations and Fees	4,530,113
Capital Subsidies and Transfers	-
Proceeds from Sale of Capital Assets	-
Purchase or Construction of Capital Assets	(59,303,861)
Principal Paid on Capital Debt and Leases	(25,305,656)
Interest Paid on Capital Debt and Leases	(6,029,637)
Net Cash Provided (Used) by Capital and Related Financing Activities	(74,792,464)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,772,514,199
Purchases of Investments	(1,555,695,354)
Investment Income	10,767,734
Net Cash Provided (Used) by Investing Activities	227,586,579
Net Increase (Decrease) in Cash and Cash Equivalents	209,886,273
Cash and Cash Equivalents, Beginning of Year	57,181,989
Cash and Cash Equivalents, End of Year	$ 267,068,262

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (765,538,013)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	98,564,058
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(9,373,612)
Inventories	(2,553,404)
Other Assets	765,420
Accounts Payable	(6,444,775)
Salaries and Wages Payable	4,125,565
Deposits Payable	1,700,520
Compensated Absences Payable	2,749,097
Unearned Revenue	(5,212,312)
Other Liabilities	(313,608)
Other Postemployment Benefits Payable	(115,631,777)
Net Pension Liability	186,268,527
Deferred Outflows of Resources Related to Other Postemployment Benefits	29,788,645
Deferred Inflows of Resources Related to Other Postemployment Benefits	84,862,791
Deferred Outflows of Resources Related to Pensions	(21,025,624)
Deferred Inflows of Resources Related to Pensions	(157,564,004)
NET CASH USED BY OPERATING ACTIVITIES	$ (674,832,506)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized gains (losses) on investments were recognized as a(n) increase (reduction) to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 28,112,710
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.	$ (129,171)

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

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) and the Central Florida Clinical Practice Organization, Inc. (an affiliated organization), are included within the University reporting entity as discretely presented component units. These legally separate, not-for-profit, corporation(s) is (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 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.

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 "Direct Method C" as prescribed in NACUBO Advisory Report 2023-01 to determine the reported net tuition scholarship discounts and allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, using a high level estimation by fiscal year.

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 $212,620,865 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 $3,422,573 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.	$ 14,474,683	$ 8,459,679	$ 22,934,362
University of Central Florida Research Foundation, Inc.	450,706		450,706
UCF Athletics Association, Inc.	17,572,168	1,014,422	18,586,590
UCF Convocation Corporation	4,836,085	18,760,154	23,596,239
UCF Stadium Corporation		322,450	322,450
UCF Academic Health, Inc.	928,816		928,816
Central Florida Clinical Practice Organization, Inc.	9,101,608		9,101,608
Total Component Units	$ 47,364,066	$ 28,556,705	$ 75,920,771

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 $27,796,328, $17,140,220, and $4,998,387, 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 accounts, and cash deposits. At June 30, 2023, approximately $14,105,921 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, 2023, no part of the Association's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.
- **UCF Convocation Corporation** – At June 30, 2023, the Convocation Corporation held $18,760,154 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, 2023, the Convocation Corporation held $4,836,085 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, 2023, the Stadium Corporation held $322,450 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, 2023, The Central Florida Clinical Practice Organization, Inc. had deposits in banking institutions. A portion of the deposits, totaling $8,876,514, was in excess of the Federal deposit insurance limit as of June 30, 2023.
- **UCF Academic Health, Inc.** – At June 30, 2023, UCF Academic Health, Inc. had deposits in a banking institution. A portion of the deposits, totaling $679,000, was in excess of the Federal deposit insurance limit as of June 30, 2023.

Capital Assets. University capital assets consist of land, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, lease assets, subscription-based information technology arrangements, 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 $4,000,000 for intangible assets, which includes computer software and subscription-based information technology arrangements, $5,000 for tangible personal property, and $250 for library resources. New buildings and building 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.

- Subscription-Based Information Technology Arrangements – the lesser of the subscription 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-lie 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.

Subscription Based Information Technology Arrangements (SBITA). The University determines if an arrangement is a subscription-based information technology arrangements (SBITA) at inception. SBITA arrangements are included in right to use subscription assets and liabilities in the statement of net position. Subscription assets represent the University's control of the right to use an underlying IT asset for the subscription term, as specified in the subscription agreement. In exchange or exchange-like transactions, subscription assets are recognized at the commencement date based on the initial measurement of the subscription liability, plus any payments made to the subscription vendor at or before the commencement of the subscription term and capitalizable implementation costs. Subscription assets are amortized systematically and rationally over the shorter of the subscription term or the useful life of the underlying IT assets. Subscription liabilities represent the University's obligation to make subscription payments from the subscription arrangement. Subscription liabilities are recognized at the commencement date based on the present value of expected subscription payments over the subscription term, less applicable vendor incentives. Variable payments that are fixed-in-substance, such as scheduled pricing escalation tied to an index or fixed percentage increase, are included in the subscription liability. Variable payments that are contingent upon future conditions or performance, such as usage of underlying IT assets or number of user seats, are not included in the measurement of the subscription liability and are recognized as outflows of resources in the period in which the obligation for those payments is incurred. Interest expense is recognized over the subscription term. The subscription term may include options to extend or terminate the subscription when it is reasonably certain that the University will exercise that option.

SBITAs with a subscription term of 12 months or less, or under the materiality threshold are not included as subscription liabilities or right-to-use subscription assets on the statement of net position. Instead, the University recognizes these subscription payments as outflows of resources.

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

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

2. Reporting Change

The University implemented GASB Statement No. 96, SBITA. The statement addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs) by universities. This statement requires the University to recognize certain subscription assets and liabilities at the commencement of the subscription term, which is when the subscription asset is placed into service. Under this statement, the university should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

3. Adjustment(s) to Beginning Net Position

The beginning net position of the University was increased by $23,092,770 due to the implementation of GASB Statement No. 96, which resulted in adjusting the beginning net subscription asset balance in excess of the amount with the associated 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.

Fund	Net Position
Current Funds - Unrestricted	$ 409,424,151
Auxiliary Funds	(251,429,236)
Total	$ 157,994,915

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 overtime.

	Amount
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources	$ 528,810,469
Amount Expected to be Financed in Future Years:	
Compensated Absences Payable	$ 65,689,482
Other Post Employment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	$ 412,542,987
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows fo Resources	$ 208,572,915
Total Amount Expected to be Financed in Future Years	$ 686,805,384
Total Unrestricted Net Position	$ (157,994,915)

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, 2023, are valued using quoted market prices (Level 1 inputs), with the exception of corporate bonds which are valued using a matrix pricing model (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, 2023, are reported as follows:

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
External Investment Pool:				
State Treasury Special Purpose Investment Account	$ 55,445,296	$ -	$ -	$ 55,445,296
SBA Debt Service Accounts	24,172	24,172	-	-
Obligations of United States Government Agencies and Instrumentalities	64,229,612	64,229,612	-	-
Federal Agency Obligations	44,491,824	-	44,491,824	-
Bonds and Notes	114,748,446	-	114,748,446	-
Stocks and Other Equity Securities	-	-	-	-
Mutual Funds				
Equities	111,389,703	111,389,703	-	-
Bonds	7,538,524	7,538,524	-	-
Total investments by fair value level	$ 397,867,577	$ 183,182,011	$ 159,240,270	$ 55,445,296

Investments held by the University's component units at June 30, 2023, 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	$ 14,342,975	$ 31,518	$ -	$ 14,374,493	$ 14,342,975	$ 31,518	$ -
Equity - International	2,743,122	-	-	2,743,122	2,743,122	-	-
Domestic - Fixed Income	127,053	-	-	127,053	127,053	-	-
Real Assets	5,527,000	-	-	5,527,000	-	-	5,527,000
					-		
Total investments by fair value level	22,740,150	31,518	-	22,771,668	$ 17,213,150	$ 31,518	$ 5,527,000
Investments measured at the net asset value (NAV)							
Equity - Domestic	67,552,473	-	-	67,552,473			
Equity - International	62,439,167	-	-	62,439,167			
Domestic - Fixed Income	90,925,819	-	-	90,925,819			
International Fixed Income	13,758,102	-	-	13,758,102			
Private Equity Funds	21,211,889	-	-	21,211,889			
Private Debt Funds	12,488,340	-	-	12,488,340			
Hedge Funds:				-			
Credit	1,090,048	-	-	1,090,048			
Event Driven	6,933,692	-	-	6,933,692			
Global Macro	3,110,613	-	-	3,110,613			
Equity Linked	831,916	-	-	831,916			
Real Estate	12,082,609	-	-	12,082,609			
Real Assets	9,892,216	-	-	9,892,216			
Total investments measured at the NAV	302,316,884	-		302,316,884			
Investments measured using the equity method	-	-	14,122,443	14,122,443			
Total investments	$ 325,057,034	$ 31,518	$ 14,122,443	$339,210,995			

All of the University's component units' recurring fair value measurements as of June 30, 2023, 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	$ 67,552,473	$ -	Monthly	30 Days
Fixed Income- Domestic	90,925,819	-	Immediate	
Equity- International	20,799,001	-	Monthly	30 Days
Equity- International	41,640,166	-	Daily	Immediate
International Fixed Income	8,607,373	-	Monthly	30 Days
International Fixed Income	5,150,729	-	Daily	Immediate
Private Equity Funds	21,211,889	17,659,709		
Private Debt Funds	12,488,340	3,979,964		
Hedge Funds:				
Credit	1,090,048	-	Quarterly	90 Days
Event driven	6,653,187	-	Monthly	30 Days
Event driven	280,505	-	Quarterly	90 Days
Global macro	3,110,613	-	Monthly	30 Days
Equity linked	831,916	-	Quarterly	60 Days
Real Assets	9,892,216	1,975,421		
Real Estate	12,082,609	1,348,482		
Total investments measured at the NAV	$ 302,316,884	$ 24,963,576		

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.

Real Estate: Real Estate 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 and through revenues earned on underlying property holdings. For the purpose of this portfolio, real estate assets include private holdings in domestic and international real estate. Real estate 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 estate 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 underlying properties.

External Investment Pools.

The University reported investments at fair value totaling $55,445,296 at June 30, 2023, 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 3.02 years, and fair value factor of 0.9667 at June 30, 2023. 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 $24,172 at June 30, 2023, 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, 2023, 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	$ 64,229,612	$ 16,751,837	$ 45,477,199	$ 2,000,576
Federal Agency Obligations	44,491,824	2,539,994	15,190,531	26,761,299
Bonds and Notes	114,748,446	9,650,500	73,928,047	31,169,899
Mutual Funds - Bonds	7,538,524	12,403	6,107,089	1,419,032
Total	$ 231,008,406	$ 28,954,734	$ 140,702,866	$ 61,350,806

Component Units' Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years) Less Than 1	1 - 5	More Than 5	Investments Not Directly Subject To Interest Rate Risk (1)
Domestic Fixed Income	$ 93,668,941	$ -	$ 2,317,600	$ 425,522	$ 90,925,819
International Fixed Income	13,758,102	-	-	-	13,758,102
Private Debt	12,488,340	-	-	-	12,488,340
Hedge Funds	1,090,048	-	-	-	1,090,048
Total	$ 121,005,431	$ -	$ 2,317,600	$ 425,522	$ 118,262,309

(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, 2023, of the University's and its component units' debt instruments using Moody's and Standard & Poor's nationally recognized rating agencies:

University Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A
Federal Agency Obligations	$ 44,491,824	$ 36,792,161	$ 7,699,663	$ -	$ -
Bonds and Notes	114,748,446	47,550,879	11,363,327	50,097,284	5,736,956
Mutual Funds - Bonds	7,538,524	-	7,538,524	-	-
Total	$ 166,778,794	$ 84,343,040	$ 26,601,514	$ 50,097,284	$ 5,736,956

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	$ 93,668,941	$ 112,910	$ 324,592	$ 2,305,620	$ -	$ 90,925,819
International Fixed Income	13,758,102	-	-	-	-	13,758,102
Private Debt	12,488,340	-	-	-	-	12,488,340
Hedge Funds	1,090,048	-	-	-	-	1,090,048
Total	$ 121,005,431	$ 112,910	$ 324,592	$ 2,305,620	$ -	$ 118,262,309

(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, 2023, the University reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	$ 38,229,093
Contracts and Grants	30,684,049
Other	6,178,443
Total Accounts Receivable	$ 75,091,585

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

Leases Receivable

The university leases space to external parties and the University's discretely presented component units for various terms under long-term non-cancelable lease agreements. The leases expire at various dates and provide renewal options ranging from 3 to 20 years. During the year ended June 30, 2023, lease revenue totaling $2,822,226 and interest revenue of $301,094 were recognized in accordance with GASB Statement No. 87, Leases. Total future minimum lease payments to be received under lessor agreements are as follows:

		Non-Component Units		Component Units	
Fiscal Year Ending June 30	**Total**	**Principal**	**Interest**	**Principal**	**Interest**
2024	$ 3,029,558	$ 737,987	$ 291,571	$ 2,000,000	
2025	2,709,129	426,280	282,849	2,000,000	
2026	2,721,812	447,467	274,345	2,000,000	
2027	2,590,284	324,397	265,887	2,000,000	
2028	2,496,158	236,658	259,500	2,000,000	
2029-2033	11,886,101	659,113	1,226,988	10,000,000	
2034-2038	11,863,814	736,460	1,127,354	10,000,000	
Thereafter	26,544,203	6,637,451	3,906,752	16,000,000	
Total payment to be received	**$ 63,841,059**	**$ 10,205,813**	**$ 7,635,246**	**$ 46,000,000**	**-**

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 $3,171,727 and $3,823, respectively, at June 30, 2023.

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

7. Due From State

The amount due from State primarily consists of $86,311,534 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, 2023, is shown in the following table:

Description	Beginning Balance	Adjustments	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	39,904,636	-	35,102,562	23,274,570	51,732,629
Total Nondepreciable Capital Assets	$ 83,138,876	$ -	$ 35,102,562	$ 23,274,570	$ 94,966,869
Depreciable Capital Assets:					
Buildings	$ 1,734,257,627	$ -	$ 22,992,055	$ -	$ 1,757,249,682
Infrastructure and Other Improvements	83,731,988	-	-	-	83,731,988
Furniture and Equipment	267,670,930	-	24,004,115	6,027,734	285,647,311
Library Resources	165,394,112	-	4,885,551	-	170,279,663
Leasehold Improvements	20,177,264	-	358,455	-	20,535,719
Lease Assets	184,735,600	-	677,391	3,232,114	182,180,877
Subscription-Based Information Technology Arrangements (1)	-	23,092,770	24,244,295	-	47,337,065
Works of Art and Historical Treasures	1,677,354	-	-	-	1,677,354
Computer Software and Other Capital Assets	7,850,435	-	325,149	-	8,175,584
Total Depreciable Capital Assets	2,465,495,310	23,092,770	77,487,011	9,259,848	2,556,815,243
Less, Accumulated Depreciation:					
Buildings	677,886,723	-	53,718,120	-	731,604,843
Infrastructure and Other Improvements	43,086,176	-	2,410,784	-	45,496,960
Furniture and Equipment	230,581,175	-	10,266,430	274,159	240,573,446
Library Resources	133,875,925	-	5,538,460	-	139,414,385
Leasehold Improvements	11,695,330	-	1,309,278	-	13,004,608
Lease Assets (1)	14,719,467	-	15,448,559	74,679	30,093,347
Subscription-Based Information Technology Arrangements	-	-	4,303,370	-	4,303,370
Works of Art and Historical Treasures	1,513,600	-	-	-	1,513,600
Computer Software Other Capital Assets	7,850,435	-	-	-	7,850,435
Total Accumulated Depreciation	1,121,208,831	-	92,995,001	348,838	1,213,854,994
Total Depreciable Capital Assets, Net	$ 1,344,286,479	$ 23,092,770	$ (15,507,990)	$ 8,911,010	$ 1,342,960,249

(1) Subscription-Based Information Technology assets were added due to the implementation of GASB Statement No. 96, SBITA. Beginning balance was not restated.

9. Unearned Revenue

Unearned revenue at June 30, 2023, 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, 2023, the University reported the following amounts as unearned revenue:

Description	Amount
Auxiliary Prepayments	$ 11,475,154
Grant and Contracts	$ 2,284,576
Student Tuition and Fees	1,442,760
Total Unearned Revenue	$ 15,202,491

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 $107,054,228 and deferred inflows of resources related to pensions were $19,240,828 for the year ended June 30, 2023. 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 $123,455,871 and deferred inflows of resources related to OPEB were $241,083,873 for the year ended June 30, 2023. 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 $55,767,307 for the year ended June 30,2023. Note 6. includes a complete discussion of leases receivable.

The total deferred outflows of resources related to the deferred loss on debt refunding's were $9,532,476 for the year ended June 30, 2023. 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, 2023, include capital improvement debt payable, loan(s) and note(s) payable, installment purchase(s) payable, capital lease(s) payable, Federal advances payable, compensated absences payable, other postemployment benefits payable, net pension liability, and asset retirement obligation(s). Long-term liabilities activity for the fiscal year ended June 30, 2023, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	$ 80,937,120	$ -	$ 6,729,260	$ 74,207,860	$ 6,125,000
Loans and Notes Payable	52,997,000	-	2,750,000	50,247,000	2,816,000
Leases Payable	170,933,123	677,391	16,452,538	155,157,976	13,291,727
Subscription Arrangements Liability	-	24,244,295	1,952,896	22,291,399	2,011,595
Compensated Absences Payable	62,940,385	8,740,689	5,991,592	65,689,482	5,912,053
Other Postemployment Benefits Payable	410,546,760	277,968,288	393,600,065	294,914,983	7,421,342
Net Pension Liability	110,117,788	278,430,659	92,162,132	296,386,315	56,136
Other Noncurrent Liabilities	1,961,226	773,579	1,950,535	784,270	-
Total Long-Term Liabilities	$ 890,433,402	$ 590,834,901	$ 521,589,018	$ 959,679,285	$ 37,633,853

Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2023:

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	$ 14,937,406	5	2030
2021A-Housing	42,815,000	48,785,431	2 to 5	2042
Total Student Housing Debt	66,070,000	63,722,837		
Parking Garage Debt:				
2012A- Parking Garage	7,860,000	4,557,662	3 to 5	2032
2018A- Parking Garage	4,790,000	970,775	5	2024
2019A- Parking Garage	6,120,000	4,956,587	5	2029
Total Parking Garage Debt	18,770,000	10,485,024		
Total Capital Improvement Debt	$ 84,840,000	$ 74,207,861		

(1) Amount outstanding includes unamortized discounts and premiums.

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and various student fee assessments to repay $84,840,000 in capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student housing and parking garages. The bonds are payable solely from housing rental revenues and parking and transportation fees and are payable through 2042. The University has committed to appropriate each year from the housing rental income, traffic and parking fees, and special student fee assessments, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $78,827,806, and principal and interest paid for the current year totaled $8,745,737. During the 2022-23 fiscal year, operating revenues generated from housing rentals and parking revenues totaled $30,651,166 and $23,239,730 respectively.

On August 12, 2021, the Florida Board of Governors issued $42,815,000 of University of Central Florida's Capital Improvement Dormitory Revenue Refunding Bonds, Series 2021A, with a net premium of $7,400,718. The bonds will mature on July 1, 2042, and carry coupons ranging from 2 percent to 5 percent. The University's proceeds from the refunding bonds, $50,215,718 plus $647,008 of sinking funds were used to defease $49,445,000 of the outstanding Capital Improvement Dormitory Revenue Bonds, Series 2012A. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. As a result of the refunding, the University reduced its capital improvement debt service requirement by $11,431,951 over the next 20 years and obtained an economic gain of $9,772,699.

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

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 6,125,000	$ 2,611,613	$ 8,736,613
2025	5,485,000	2,271,738	7,756,738
2026	5,755,000	1,999,038	7,754,038
2027	6,045,000	1,712,637	7,757,637
2028	5,195,000	1,440,413	6,635,413
2029-2033	17,590,000	4,049,187	21,639,187
2034-2038	9,305,000	1,556,887	10,861,887
2039-2042	8,320,000	366,293	8,686,293
Subtotal	63,820,000	16,007,806	79,827,806
Net Discounts and Premiums	10,387,860	-	10,387,860
Total	$ 74,207,860	$ 16,007,806	$ 90,215,666

Loans and Note(s) 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 note(s) as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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	3,100,000	888,336	3,988,336
2029-2033	16,670,000	3,274,680	19,944,680
2034-2038	18,794,000	1,149,264	19,943,264
Total	$ 50,247,000	$ 9,583,644	$ 59,830,644

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, 2023, are as follows:

Fiscal Year Ending June 30	Total	Non-Component Units Principal	Non-Component Units Interest	Component Units Principal	Component Units Interest
2024	$ 14,535,980	$ 2,435,837	$ 690,087	$ 10,855,889	$ 554,167
2025	11,810,221	2,319,536	644,533	8,439,535	406,617
2026	8,218,217	2,223,303	602,482	5,054,246	338,186
2027	7,622,954	1,627,955	564,500	5,117,697	312,802
2028	7,033,745	1,418,716	536,712	4,789,544	288,773
2029-2033	31,595,327	5,664,794	2,311,956	22,414,525	1,204,052
2034-2038	26,088,141	2,413,087	1,889,435	20,845,446	940,173
Thereafter	65,095,406	13,463,222	4,321,903	46,074,644	1,235,637
Total Minimum Lease Payments	$ 171,999,991	$ 31,566,450	$ 11,561,608	$ 123,591,526	$ 5,280,407

Subscription Arrangement(s) Liability. The University has an 11-year subscription-based information technology arrangement (SBITA) for the right to use Workday ERP totaling $24,244,295. The University implemented the Workday ERP in a single operational phase and incurred capitalizable implementation costs of $23,092,770 during the initial implementation period. As a result, the capitalized implementation costs and future minimum subscription payments have generated a subscription asset totaling $47,337,065. The University is required to report active user seats on an annual basis no later than 30 days prior to the anniversary subscription term start date and is subject to a user expansion fee of $266 per additional user over the baseline subscription rights count. The University is also required to report growth events defined as any one-time additions of workers greater than 5.0 percent. Variable payments tied to the number of user seats are excluded from future minimum payments. The University has discounted the future minimum payments using its incremental borrowing rate of 2.76 percent. Future minimum payments under the SBITA and present value of the minimum payments as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2024	$ 2,627,729	$ 2,011,595	$ 616,134
2025	2,632,544	2,072,010	560,534
2026	2,645,717	2,142,453	503,264
2027	2,647,499	2,203,453	444,046
2028	2,655,316	2,272,173	383,143
2029-2033	12,589,142	11,589,715	999,427
Total	$ 25,797,947	$ 22,291,399	$ 3,506,548

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, 2023, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $65,689,482. The current portion of the compensated absences liability, $5,912,053, 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 $294,914,983 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2022. At June 30, 2022, the University's proportionate share, determined by its proportion of total benefit payments made, was 3.76010917471 percent, which was an decrease of 0.134786114 from its proportionate share reported as of June 30, 2021.

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
Discount rate	4.09 percent
Healthcare cost trend rates	
PPO Plan	10.31 percent for 2023, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
HMO Plan	7.53 percent for 2023, 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 Bond Buyer General Obligation 20-year Municipal Bond 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 2.18 percent to 4.09 percent.
- The census date reflects changes in status for the twenty-four (24) month period since July 1, 2020.
- The medical trend assumption is updated each year based on the Getzen Model. We used medical trend rates consistent with the August 2022 Report on Financial Outlook of the Plan along with information from the Getzen Model and actuarial judgement. The impact of the trend rate changes is a small increase in the liability, due primarily to higher trend rates in the first several years.
- The assumed claims and premiums reflect the actual claims information that were provided as well as the premiums that are actually being charged to participants. The recent claims experience along with changes in the demographics of the population resulted in lower claims costs compared to expected, as well as lower premium rates than expected. The net result was a slight increase in liabilities due to claims and premiums as of June 30, 2022

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 (3.09 percent) or 1 percentage point higher (5.09 percent) than the current rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
University's proportionate share of the total OPEB liability	$360,759,666	$294,914,983	$244,193,475

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's proportionate share of the total OPEB liability	$238,925,639	$294,914,983	$369,977,385

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

For the fiscal year ended June 30, 2023, the University recognized OPEB expense of $6,579,593. At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 32,254,147
Change of assumptions or other inputs	34,101,137	192,690,384
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	81,794,800	16,139,342
Transactions subsequent to the measurement date	7,559,934	-
Total	$ 123,455,871	$ 241,083,873

Of the total amount reported as deferred outflows of resources related to OPEB, $7,559,934 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:

Fiscal Year Ending June 30	Amount
2024	$ (22,825,015)
2025	(22,825,015)
2026	(22,825,015)
2027	(22,825,015)
2028	(22,825,015)
Thereafter	(11,062,862)
Total	$ (125,187,937)

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, 2023, the University's proportionate share of the net pension liabilities totaled $296,386,315. 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 $784,270 as of June 30, 2023.

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, 2023, was $81,075,000 related to direct borrowings and was $60,430,000 related to non-direct borrowings before an unamortized premium of $693,150

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, 2023, 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 $838,917 for the fiscal year ended June 30, 2023.

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, 2023, was $33,933,000, including $1,383,000 of direct borrowings, before an unamortized premium of $1,459,060.

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, 2023, the remaining outstanding principal was $4,143,000.

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 $5,128,000. 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, 2023, the remaining outstanding principal was $45,500,000.

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, 2023, the remaining outstanding principal was $5,049,000.

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 the TERM SOFR Rate plus 1.34 percent (5.36 percent at June 30, 2023). 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, 2023, the amount outstanding on the note was $4,445,000.

During the 2019-20 fiscal year, the UCF Athletics Association, Inc. entered into a direct borrowing loan from a financial institution in the amount of $8,550,000 to complete the buildout of phase two of the Roth Athletics Center located on the UCF campus. Principal payments are required by September 1 each year to reduce the loan balance to an agreed-upon amount negotiated annually. Interest on the loan is payable semi-annually at a fixed interest rate of 2 percent. The loan matures September 1, 2024, and is secured by certain pledged revenues of the Association. As of June 30, 2023, the total loan outstanding amount was $2,773,000.

On December 18, 2020, the UCF Athletics Association, Inc. entered into an 18-month revolving line of credit with the UCF Foundation, Inc. for $4 million. On September 10, 2021, (the Amendment Date) the Foundation amended the terms of the line to assist with expenses related to transitioning athletics conferences and increased the amount of the line to $10 million. The line bears simple interest at 3 percent per annum and matures in 3 years from the Amendment Date and may be renewed for up to two additional 12-month periods, upon agreement by all parties. As of June 30, 2023, the total principal amount of outstanding on the line was $9 million.

Due to University – Component Units.

Four of its component units reported moneys due to the University totaling $6,617,648. The UCF Athletics Association, Inc. received several loans from the University between 2004 and 2007. In 2009, those loans were consolidated into one loan. In July 2015, the Board of Trustees approved an amendment to the previous payment schedule. The 2020-21 fiscal year loan payment was deferred for two fiscal years and future years' payments range from $1,000,000 to $1,528,000, contingent on interest rates. The loan matures in the 2026-27 fiscal year and bears interest at a variable rate equal to the preceding fiscal year's average SPIA rate of return (0.7276 percent for the 2022-23 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, 2023, the amount outstanding, including interest, totaled $4,485,005.

12. Retirement Plans – Defined Benefit Pension Plans

<u>General Information about the Florida Retirement System (FRS)</u>.

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

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

The University's FRS and HIS pension expense totaled $39,673,916 for the fiscal year ended June 30, 2023.

<u>FRS Pension Plan</u>

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* – 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:

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

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022-23 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	11.91
FRS, Senior Management Service	3.00	31.57
FRS, Special Risk	3.00	27.83
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	18.60
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 $28,651,663 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the University reported a liability of $240,461,523 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The University's proportionate share of the net pension liability was based on the University's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the University's proportionate share was 0.646262333 percent, which was an increase of 0.035203958 from its proportionate share measured as of June 30, 2021.

For the year ended June 30, 2023, the University recognized pension expense of $35,958,521. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 11,420,533	$ -
Change of assumptions	29,613,843	-
Net difference between projected and actual earnings on FRS Plan investments	15,877,643	-
Changes in proportion and differences between University contributions and proportionate share of contributions	11,012,429	8,317,387
University FRS contributions subsequent to the measurement date	28,651,663	-
Total	$ 96,576,111	$ 8,317,387

The deferred outflows of resources totaling $28,651,663, 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2024	$ 15,228,384
2025	5,568,645
2026	(4,995,825)
2027	40,765,032
2028	3,040,825
Thereafter	-
Total	$ 59,607,061

Actuarial Assumptions. The total pension liability in the July 1, 2022, 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	6.70 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, 2022, 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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate (Property)	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.3%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.70 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 2022 valuation was updated from 6.80 percent to 6.70 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 6.70 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 (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate:

	1% Decrease (5.70%)	**Current Discount Rate (6.70%)**	**1% Increase (7.70%)**
University's proportionate share of the net pension liability	$415,861,669	$240,461,523	$93,806,129

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.

<u>HIS Pension Plan</u>

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

Benefits Provided. For the fiscal year ended June 30, 2023, 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, 2023, 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 $3,343,354 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the University reported a liability of $55,924,792 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The University's proportionate share of the net pension liability was based on the University's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the University's proportionate share was 0.528010944 percent, which was an increase of 0.006596889 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the University recognized pension expense of $3,715,395. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,697,450	$ 246,074
Change of assumptions	$ 3,205,645	$ 8,651,530
Net difference between projected and actual earnings on HIS Plan investments	80,967	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	2,150,698	2,025,836
University HIS contributions subsequent to the measurement date	3,343,354	-
Total	$ 10,478,114	$ 10,923,440

The deferred outflows of resources totaling $3,343,354, 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2024	$ (525,749)
2025	(500,623)
2026	(339,500)
2027	(701,567)
2028	(1,227,130)
Thereafter	(494,111)
Total	$ (3,788,680)

Actuarial Assumptions. The total pension liability in the July 1, 2022, 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	3.54 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 3.54 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 2022 valuation was updated from 2.16 percent to 3.54 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 3.54 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
University's proportionate share of the net pension liability	$63,982,554	$55,924,792	$49,257,161

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 2022-23 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	9.30
FRS, Senior Management Service	10.67
FRS, Special Risk Regular	17.00

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, 2023, 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 $7,749,098 for the fiscal year ended June 30, 2023.

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, 4.23 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 9.38 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 $24,507,148 and employee contributions totaled $12,440,051 for the 2022-23 fiscal year.

14. Construction Commitments

The University's major construction commitments at June 30, 2023, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Biological Sciences	$ 7,495,765	$ 4,282,157	$ 3,213,608
College of Nursing	3,706,359	706,208	3,000,151
Football Stadium Upgrades	2,767,290	140,700	2,626,590
Library Renovation	21,967,642	15,564,612	6,403,030
PARTNERSHIP IV A	2,943,463	41,270	2,902,193
PARTNERSHIP IV B	9,082,652	453,337	8,629,315
PARTNERSHIP V	6,030,676	1,766,967	4,263,709
Athletics Center Renovation	10,453,201	151,740	10,301,462
Student Union Renovations	7,611,998	487,998	7,124,000
CMB AIR QUALITY IMPROVE	5,889,643	4,226,119	1,663,525
Subtotal	77,948,690	27,821,107	50,127,582
Other Projects (1)	35,496,016	23,911,522	11,584,494
Total	$ 113,444,706	$ 51,732,629	$ 61,712,077

(1) Individual projects with a current balance committed of less than $1 million at June 30, 2023.

15. State Self-Insurance Programs

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2022-23 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 $56.3 million for named windstorm and flood through February 14, 2023, and decreased to $40.2 million starting February 15, 2023. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $168.7 million through February 14, 2023, and increased/decreased to $214.8 million starting February 15, 2023; 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.

The Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported. Changes in the balances of claims liability for the Program during the 2021-22 and 2022-23 fiscal years are presented in the following table:

Fiscal Year	Claims Liabilities Beginning of Year	Current Claims and Changes in Estimates	Claims Payments	Claims Liabilities End of Year
2021-22	$ 1,403,374	$ 528,378	$ (140,557)	$ 1,791,195
2022-23	1,791,195	2,005,999	(1,307,402)	2,489,792

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:

Functional Classification	Amount
Instruction	$ 411,955,827
Research	171,414,554
Public Services	27,293,626
Academic Support	136,015,790
Student Services	62,987,564
Institutional Support	117,675,872
Operation and Maintenance of Plant	66,722,089
Scholarships, Fellowships, and Waivers	154,358,240
Depreciation	98,564,058
Auxiliary Enterprises	88,887,820
Loan Operations	805,171
Total Operating Expenses	$ 1,336,680,611

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 represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Housing Facility
Assets	
Current Assets	$ 19,591,928
Capital Assets, Net	75,750,223
Other Noncurrent Assets	7,936,095
Total Assets	103,278,246
Liabilities	
Current Liabilities	6,506,174
Noncurrent Liabilities	59,542,837
Total Liabilities	66,049,011
Net Position	
Net Investment in Capital Assets	12,045,189
Restricted - Expendable	8,457,658
Unrestricted	16,726,388
Total Net Position	$ 37,229,235

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

	Housing Facility
Operating Revenues	$ 29,915,169
Depreciation Expense	(4,469,569)
Other Operating Expenses	(18,732,897)
Operating Income (Loss)	6,712,703
Nonoperating Revenues (Expenses):	
Nonoperating Revenue	(15,878)
Interest Expense	(1,753,078)
Other Nonoperating Expense	51,610
Net Nonoperating Expenses	(1,717,346)
Increase (Decrease) in Net Position	5,291,321
Net Position, Beginning of Year	31,937,914
Net Position, End of Year	$ 37,229,235

Condensed Statement of Cash Flows

	Housing Facility
Net Cash Provided (Used) by:	
Operating Activities	$ 10,636,848
Noncapital Financing Activities	(1,674)
Capital and Related Financing Activities	(7,740,770)
Investing Activities	(6,598,060)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,703,655)
Cash and Cash Equivalents, Beginning of Year	4,312,761
Cash and Cash Equivalents, End of Year	$ 609,106

19. Blended Component Unit(s)

The University has _ blended component unit(s) as discussed in Note 1. The following financial information is presented net of eliminations for the University's blended component unit(s): (Consider including this note if the University has any blended component units.) (Reference: GASB Cod. Sec. 2600.115)

Condensed Statement of Net Position

	Blended Component Unit(s)					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended CUs	University	Eliminations	Total Primary Government
Assets:						
Other Current Assets	$ 3,422,573	$ 13,228,986	$ 16,651,559	$ 789,969,074	$ -	$ 806,620,633
Capital Assets, Net	-	-	-	1,437,927,118	-	1,437,927,118
Due From University / Blended CU	38,036,514	-	38,036,514	-	(38,036,514)	-
Other Noncurrent Assets	-	-	-	111,417,607	-	111,417,607
Total Assets	41,459,087	13,228,986	54,688,073	2,339,313,799	(38,036,514)	2,355,965,358
Deferred Outflows of Resources	9,532,476	-	9,532,476	230,510,099	-	240,042,575
Liabilities:						
Other Current Liabilities	3,418,964	2,515,068	5,934,032	138,285,845	-	144,219,877
Due to University / Blended CU	-	-	-	38,036,514	(38,036,514)	-
Noncurrent Liabilities	47,431,000	-	47,431,000	874,614,433	-	922,045,433
Total Liabilities	50,849,964	2,515,068	53,365,032	1,050,936,792	(38,036,514)	1,066,265,310
Deferred Inflows of Resources	-	-	-	316,092,010	-	316,092,010
Net Position:						
Net Investment in Capital Assets	-	-	-	1,153,784,681	-	1,153,784,681
Restricted - Expendable	141,599	10,713,918	10,855,517	206,269,333	-	217,124,850
Unrestricted	-	-	-	(157,258,918)	-	(157,258,918)
Total Net Position	$ 141,599	$ 10,713,918	$ 10,855,517	$ 1,202,795,096	$ -	$ 1,213,650,613

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

	Blended Component Unit(s)					
	UCF Finance Corporation	Universtiy of Central Florida College of Medicine Self-Program	Total Blended CUs	University	Eliminations	Total Primary Government
Operating Revenues	$ -	$ 2,481,962	$ 2,481,962	$ 571,142,598	$ (2,481,962)	$ 571,142,598
Depreciation Expense	-	-	$ -	(98,564,058)	-	$ (98,564,058)
Other Operating Expenses	(19,478)	(2,660,471)	$ (2,679,949)	(1,235,436,604)	-	$ (1,238,116,553)
Operating Income (Loss)	(19,478)	(178,509)	(197,987)	(762,858,064)	(2,481,962)	(765,538,013)
Nonoperating Revenues (Expenses):						
Nonoperating Revenue	1,901,702	591,761	2,493,463	808,218,887	-	810,712,350
Interest Expense	(1,886,819)	-	(1,886,819)	(4,142,818)	-	(6,029,637)
Other Nonoperating Expense	-	-	-	(42,562,532)	2,481,962	(40,080,570)
Net Nonoperating Revenues (Expenses)	14,883	591,761	606,644	761,513,537	2,481,962	764,602,143
Other Revenues	-	-	-	71,372,876	-	71,372,876
Increase (Decrease) in Net Position	(4,595)	413,252	408,657	70,028,349	-	70,437,006
Net Position, Beginning of Year	146,195	10,300,666	10,446,861	1,109,673,976	-	1,120,120,837
Adjustment to Beginning Net Position (1)	-	-	-	23,092,770	-	23,092,770
Net Position, Beginning of Year, as Restated	146,195	10,300,666	10,446,861	1,132,766,746	-	1,143,213,607
Net Position, End of Year	$ 141,600	$ 10,713,918	$ 10,855,518	$ 1,202,795,095	$ -	$ 1,213,650,613

(1) Adjustment due to implementing GASB Statement No. 87, *Leases*.

Condensed Statement of Cash Flows

	Blended Component Unit(s)					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended CUs	University	Eliminations	Total Primary Government
Net Cash Provided (Used) by:						
Operating Activities	$ (19,478)	$ 750,671	$ 731,193	$ (673,081,737)	$ (2,481,962)	$ (674,832,506)
Noncapital Financing Activities	-	-	-	729,442,702	2,481,962	731,924,664
Capital and Related Financing Activities	24,000	-	24,000	(74,816,464)	-	(74,792,464)
Investing Activities	23,917	(198,165)	(174,248)	227,760,827	-	227,586,579
Net Increase (Decrease) in Cash and Cash Equivaler	28,439	552,506	580,945	209,305,328	-	209,886,273
Cash and Cash Equivalents, Beginning of Year	3,394,134	1,278,565	4,672,699	52,509,290	-	57,181,989
Cash and Cash Equivalents, End of Year	$ 3,422,573	$ 1,831,071	$ 5,253,644	$ 261,814,618	$ -	$ 267,068,262

20. Discretely Presented Component Unit(s)

The University has _ 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: (Consider including this note if the University has more than one component unit.) (Reference: GASB Cod. Sec. 2300.107 d; 2600.107/.111, .119/.123)

Condensed Statement of Net Position

	Direct-Support Organizations				
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation
Assets:					
Current Assets	$ 38,802,687	$ 35,070,065	$ 27,280,762	$ 25,420,729	$ 6,804,196
Capital Assets, Net	125,959,409	-	61,591,411	202,771	-
Other Noncurrent Assets	474,661,907	31,518	1,014,422	27,383,374	22,765,152
Total Assets	639,424,003	35,101,583	89,886,595	53,006,874	29,569,348
Deferred Outflows of Resources	-	-	-	3,165,101	484,810
Liabilities:					
Current Liabilities	13,313,950	20,294,734	18,313,189	16,853,021	6,171,741
Noncurrent Liabilities	55,975,031	-	53,092,272	133,068,150	33,181,060
Total Liabilities	69,288,981	20,294,734	71,405,461	149,921,171	39,352,801
Deferred Inflows of Resources	104,900,303	-	-	9,651,298	23,635,427
Net Position:					
Net Investment in Capital Assets	66,139,409	-	27,633,825	202,771	-
Restricted Nonexpendable	156,006,374	-	-	-	-
Restricted Expendable	142,336,686	3,803,666	1,650,627	17,282,813	-
Unrestricted	100,752,523	11,003,183	(10,803,318)	(120,886,078)	(32,934,070)
Total Net Position	$ 465,234,992	$ 14,806,849	$ 18,481,134	$ (103,400,494)	$ (32,934,070)

	UCF Academic Health, Inc.	Total Direct Support Organizations	Other Central Florida Clinical Practice Organization Inc.	Total
Assets:				
Current Assets	$ 1,769,514	$ 135,147,953	$ 10,798,827	$ 145,946,780
Capital Assets, Net	46,666,666	234,420,257	147,171	234,567,428
Other Noncurrent Assets	46,398,993	572,255,366	-	572,255,366
Total Assets	94,835,173	941,823,576	10,945,998	952,769,574
Deferred Outflows of Resources	-	3,649,911	-	3,649,911
Liabilities:				
Current Liabilities	2,224,902	77,171,537	611,424	77,782,961
Noncurrent Liabilities	43,500,000	318,816,513		318,816,513
Total Liabilities	45,724,902	395,988,050	611,424	396,599,474
Deferred Inflows of Resources	31,079,820	168,816,575	-	168,816,575
Net Position:				
Net Investment in Capital Assets	-	94,292,703	147,171	94,439,874
Restricted Nonexpendable	-	156,006,374	-	156,006,374
Restricted Expendable	-	164,757,094	-	164,757,094
Unrestricted	18,030,451	(34,837,309)	10,187,403	(24,649,906)
Total Net Position	$ 18,030,451	$ 380,218,862	$ 10,334,574	$ 390,553,436

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

	Direct-Support Organizations				
	University of Central Florida Foundation, Inc.	Univeristy of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation
Operating Revenues	$ 104,062,565	$ 20,694,074	$ 63,251,987	$ 33,710,426	$ 3,954,508
Depreciation Expense	(3,083,323)	-	(3,989,640)	-	-
Operating Expenses	(55,791,337)	(19,911,320)	(76,269,403)	(16,993,472)	(35,531)
Operating Income (Loss)	45,187,905	782,754	(17,007,056)	16,716,954	3,918,977
Net Nonoperating Revenues (Expenses):					
Nonoperating Revenues	11,557,929	1,084,758	15,060,406	11,090,038	607,919
Interest Expense	-	-	(1,214,298)	(4,825,429)	(1,402,927)
Other Nonoperating Expenses	-	-	-	(884,204)	(112,669)
Net Nonoperating Revenues (Expenses)	11,557,929	1,084,758	13,846,108	5,380,405	(907,677)
Other Revenues, Expenses, Gains, and Losses	5,154,550	-	968,070	-	-
Increase (Decrease) in Net Position	61,900,384	1,867,512	(2,192,878)	22,097,359	3,011,300
Net Position, Beginning of Year	403,334,608	12,939,337	20,674,012	(125,497,853)	(35,945,370)
Adjustment to Beginning Net Position (1)	-	-	-	-	-
Net Position, Beginning of Year, as Restated	403,334,608	12,939,337	20,674,012	(125,497,853)	(35,945,370)
Net Position, End of Year	$ 465,234,992	$ 14,806,849	$ 18,481,134	$ (103,400,494)	$ (32,934,070)

UCF Academic Health, Inc.	Total Direct Support Organizations	Other Central Florida Clinical Practice Organization Inc.	Total
$ 3,618,138	$ 229,741,698	$ 9,673,160	$ 239,414,858
(1,666,667)	(8,739,630)	(19,435)	(8,759,065)
(470,274)	(169,471,337)	(8,481,474)	(177,952,811)
1,481,197	51,530,731	1,172,251	52,702,982
780,476	40,849,741	-	40,849,741
-	(7,142,799)	-	(7,142,799)
-	(996,873)	(749,574)	(1,746,447)
780,476	32,710,069	(749,574)	31,960,495
-	5,154,550	-	5,154,550
2,261,673	89,395,350	422,677	89,818,027
15,768,778	291,273,512	9,911,897	301,185,409
-	-	-	-
15,768,778	291,273,512	9,911,897	301,185,409
$ 18,030,451	$ 380,218,862	$ 10,334,574	$ 390,553,436

(1) Add description of adjustment to Beginning Net Position.

21. Subsequent Events-

On July 7, 2023, the Florida Board of Governors executed the redemption of the outstanding Parking Facility Revenue Bonds, Series 2012A and the defeasance of the outstanding Parking Facility Revenue Refunding Bonds, Series 2018A and Series 2019A. Two wire transfers were executed, totaling $10,081,182.33 to the State Board Administration (SBA) for deposit into the Bond Fee Trust Fund and Escrow Deposit Trust Fund for Purchase of SLGS Certificates and Notes maturing in the par amount of $10,073,431. The SBA, as bond trustee instructed US Bank, the paying agent to call the 2012A Bonds on August 8, 2023. Residual funds, including investment earnings were credited to the accounts held by the SBA on behalf of UCF for the 2012A Bonds following redemption of those bonds and for the 2018A and the 2019A Bonds following defeasance of the bonds, the SBA executed a wire transfer in the total amount of these funds to UCF pursuant to existing wire transfer instructions.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2022	2021	2020	2019
University's proportion of the total other postemployment benefits liability	3.760109175%	3.894895289%	3.804765461%	3.159978606%
University's proportionate share of the total other postemployment benefits liability	$ 294,914,983	$ 410,546,760	$ 391,512,085	$ 399,997,974
University's covered-employee payroll	$ 458,781,389	$ 445,408,636	$ 454,818,440	$ 439,921,546
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	64.28%	92.17%	86.08%	90.92%

2018	2017
2.780000000%	2.780000000%
$ 293,333,000	$ 300,512,000
$ 418,056,891	$ 396,397,337
70.17%	75.81%

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

	2022 (1)	2021 (1)	2020 (1)	2019 (1)
University's proportion of the FRS net pension liability	0.646262333%	0.611058374%	0.648369723%	0.654337567%
University's proportionate share of the FRS net pension liability	$ 240,461,523	$ 46,158,515	$ 281,012,993	$ 225,344,748
University's covered payroll (2)	$ 458,781,389	$ 445,408,636	$ 454,818,440	$ 439,921,546
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	52.41%	10.36%	61.79%	51.22%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.89%	96.40%	78.85%	82.61%

(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 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

	2023 (1)	2022 (1)	2021 (1)	2020 (1)
Contractually required FRS contribution	$ 28,651,663	$ 27,577,192	$ 23,278,684	$ 21,542,453
FRS contributions in relation to the contractually required contribution	(28,651,663,)	(27,577,192)	(23,278,684)	(21,542,453)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 453,274,274	$ 458,781,389	$ 445,408,636	$ 454,818,440
FRS contributions as a percentage of covered payroll	6.32%	6.01%	5.23%	4.74%

(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.

2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
0.640568432%	0.596715076%	0.559865856%	0.538161499%	0.484303900%	0.360374086%
$ 192,942,532	$ 176,504,316	$ 141,366,568	$ 69,510,775	$ 29,549,660	$ 62,036,419
$ 418,056,891	$ 396,397,337	$ 364,535,289	$ 333,695,268	$ 305,107,256	$ 289,894,138
46.15%	44.54%	38.78%	20.83%	9.69%	21.40%
84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 20,289,186	$ 18,255,686	$ 15,533,963	$ 13,653,222	$ 13,120,834	$ 10,608,311
(20,289,186)	(18,255,686)	(15,533,963)	(13,653,222)	(13,120,834)	(10,608,311)
$ -	$ -	$ -	$ -	$ -	$ -
$ 439,921,546	$ 418,056,891	$ 396,397,337	$ 364,535,289	$ 333,695,268	$ 305,107,256
4.61%	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

	2022 (1)	**2021** (1)	**2020** (1)	**2019** (1)
University's proportion of the HIS net pension liability	0.528010944%	0.521414055%	0.547943658%	0.538876355%
University's proportionate share of the HIS net pension liability	$55,924,792	$ 63,959,273	$ 66,903,028	$ 60,294,870
University's covered payroll (2)	$191,812,204	$ 179,946,356	$ 187,973,508	$ 167,822,905
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	29.16%	35.54%	35.59%	35.93%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.81%	3.56%	3.00%	2.63%

(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

	2023 (1)	**2022** (1)	**2021** (1)	**2020** (1)
Contractually required HIS contribution	$ 3,343,354	$ 3,194,911	$ 3,064,876	$ 3,157,543
HIS contributions in relation to the contractually required HIS contribution	(3,343,354)	(3,194,911)	(3,064,876)	(3,157,543)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$191,569,134	$ 191,812,204	$ 179,946,356	$ 187,973,508
HIS contributions as a percentage of covered payroll	1.75%	1.67%	1.70%	1.68%

(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.

2018 (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.532468436%	0.529705387%	0.499690735%	0.469662225%	0.430757459%	0.415357381%
$ 56,357,057	$ 56,638,544	$ 58,236,885	$ 47,898,159	$ 40,276,874	$ 36,162,321
$ 167,400,707	$ 166,665,368	$ 153,090,572	$ 140,702,712	$ 127,489,508	$ 122,964,996
33.67%	33.98%	38.04%	34.04%	31.59%	29.41%
2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

2019 (1)	**2018** (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 2,992,328	$ 2,887,590	$ 2,803,354	$ 2,561,234	$ 1,795,341	$ 1,475,630
(2,992,328)	(2,887,590)	(2,803,354)	(2,561,234)	(1,795,341)	(1,475,630)
$ -	$ -	$ -	$ -	$ -	$ -
$ 167,822,905	$ 167,400,707	$ 166,665,368	$ 153,090,572	$ 140,702,712	$ 127,489,508
1.78%	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 increased from 2.18 percent to 2.66 percent.

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

Changes of Assumptions. In 2022, the long-term expected rate of return decreased from 6.80 percent to 6.70 percent.

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

Changes of Assumptions. In 2022, the municipal rate used to determine total pension liability increased from 2.16 percent to 3.54 percent. In addition, the demographic assumptions for the Special Risk class were updated to reflect plan changes and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.

Board of Trustees

Budget and Finance Committee

February 22, 2024

Agenda Item

DISC-2: Internal Bank

Proposed Board Action

This information is being presented for discussion purposes only.

Authority for Board of Trustees Action

N/A

Supporting Documentation Included

None

Facilitators/Presenters

Gerald Hector, Senior Vice President for Administration and Finance
Bert Francis, Assistant Vice President for Debt Management and University Treasurer

Internal Bank

EXECUTIVE SUMMARY

Objective

To inform the Board of Trustees of an effort to establish an “internal bank” for the purposes of making short term loans to projects that will repay those funds from a dedicated and agreed upon source. The short-term loans are bridge funding vehicles to keep projects that are fully funded on their construction schedules.

Summary of Key Discussion Topics and Questions

- The Nursing Building is fully funded at **$68 million** from the following sources:
  - **$29 million** from SFRF
  - **$25 million** from pledged gifts
  - **$14.8 million** from PECO
  - There is approximately **$8 million** in donations already received.
  - The project must be fully funded to execute on purchase orders and other items to keep the project timeline viable. There is a cash timing issue that needs to be addressed.
  - There will be a need in approximately the month of December 2024 to have funding equivalents from the pledge payments that will come in over several years.
- The Stadium Towers Renovation Project is fully funded at **$88 million** with the combination of proceeds from the Tourist Development Tax (TDT) and the issuance of bond proceeds from revenue bonds. To meet the timeline for the project, there is a need to incur hard costs of construction upfront. Per debt issuance guidelines, the university cannot incur those hard costs in advance of a formal debt reimbursement resolution adopted by its Board of Trustees. Additionally, there is a critical window of time where hard costs must be incurred to meet the project timeline.
- The creation of an internal bank will allow for the university to meet the short-term funding needs of both transactions. The internal bank will have to be established utilizing non-E&G and non-restricted sources of cash on hand. The bank will require interest and payback terms like any other borrowing entity.
- The dedicated cash from the projects funded will be utilized to repay the loans once received from the bond proceeds for the Stadium Towers Renovation project, and from the pledged gift payments.

Additional Background

The university needs to jumpstart several projects on campus that will require bridge funding. Given our cash holdings and liquidity posture, we are considering the creation of a formal internal bank where we will utilize non-E&G and non-restricted sources of cash to fund startup costs on projects that already have identified sources of funds to repay. The challenge that is presented is the timing of the receipt of those funds which span future time periods. The internal bank concept is common in higher education, and it allows for the university to make arm's length transactional loans to departments and units. The loans carry with them characteristics like a bank loan with interest terms and payback periods. These are vehicles that allow the university to fund short term needs to keep projects moving or started without having to issue external debt.

This internal bank concept is not to be confused with the "internal loans" practices the university had in the past. We are still repaying those loans and as of the writing of this memorandum, there is approximately **$14 million** still yet to be repaid over the next three years.

There are two immediate projects on the horizon that prompted the university to initiate this discussion. The Nursing Building Project at Lake Nona is a fully funded project at **$68 million**; however, **$25 million** is in the form of pledged gifts from donors. As of the writing of this memorandum, approximately **$8 million** has been received and will be applied to the project. The remaining **$17 million** will come in over the course of the next several years. The project will need a bridge funding vehicle to keep the project moving to meet its Fall 2025 opening. The concept of the internal bank fits well with this type of short-term financing need. We will avoid carrying external debt at higher interest rates, and we will be able to ensure that from a liquidity and cash flow standpoint we are being prudent with how we bring this project to fruition.

The second project is the Stadium Towers Renovation Project. The university owns this asset, and with the recent changes to the BOG regulation to allow use of auxiliary funds to assist with capital projects for athletics, we are exploring this opportunity to assist with some upfront costs for construction prior to debt financing being received. The Stadium project has an **$88 million** price tag, and funding has been garnered through the Tourism Development Tax vehicle in Orange County (approximately **$90 million** over the next nine years). The university has a debt application process it is working through to complete this project by the fall of 2025 but will need upfront funds on hand to start the project. These costs are primarily "hard costs" for construction. Funds are on hand in our athletics department to fund some of the upfront "soft costs" (e.g. architectural drawings). The university will put forward for adoption at the March 2024 meeting a reimbursement resolution from bond proceeds to recoup the "hard costs" spent before bond proceeds are approved. Like the Nursing Building, the internal bank is being established to provide this short-term bridge funding.

There is recent precedent for this move as Florida State University was granted approval to lend auxiliary funds to their athletic programs for operations. This was done under the recent amendments to BOG Regulation 9.013. Prior to this approval for FSU (and earlier USF), such transactions were not allowed. BOG Regulation 9.013 includes an application process that the university must follow through the Board of Governors office and be voted on by the Board of Governors in a formal meeting. The university must get approval before utilizing internal bank funds on athletics related projects. The Board of Governors will approve such proposals on a case-by-case basis. It is not open ended.

For UCF, there is a nuance that should be clearly understood as it impacts the Stadium Towers Renovation request and the establishment of the internal bank. UCF Stadium Corporation (UCFSC) is a Direct Support Organization (DSO). It was created to finance the building of a stadium on the university's campus, and it issued Certificates of Participation to do so. The changes in BOG Regulation 9.013 to allow auxiliary funds to support approved athletics capital projects (and now operations, based on FSU's recently approved proposal), does not extend to a DSO. However, the UCF's Stadium Towers Renovation project should qualify to seek use of auxiliary funds, because the stadium itself is a University asset. When the stadium was originally built, it was financed and owned by the UCFSC (with a ground lease from the university). However, refinancing the stadium bonds refinanced in 2015 (from Certificates of Participation to Revenue Bonds) caused the termination of the ground lease, and, by default, the ownership of the stadium reverted to the university. Thus, UCF is eligible to seek approval under BOG Regulation 9.013 to utilize auxiliary funds on a short-term basis to assist with the upfront "hard costs" of the stadium project, with later reimbursement of those auxiliary funds from bond proceeds. The stadium belongs to the university, and the university will be making renovations and improvement to an asset it owns.

We have been in conversions with the Division of Bond Finance on how best to establish a formal internal bank, and how to effectively operate it in line with statutes and regulations. In the short run, we will be looking at this concept in tandem with our need for the financing of the Stadium Towers as the Nursing Building will not have a need for funds until approximately December 2024. Additionally, both projects are also actively fundraising for their projects that might eliminate their need all together.

Florida State University utilizes an internal bank, and at the most recent Board of Governors meeting was allowed to utilize it to fund a loan from auxiliary funds to their athletics operations. The University of South Florida did not formally set up an internal bank, but they are also utilizing the amended BOG Regulation 9.013 as a viable and cost-effective option to lend auxiliary funds to support their stadium project.

Rationale

Utilizing an internal bank will allow for bridge funding to be available to keep fully funded projects moving forward on their aggressive timelines, and not incur the high cost of capital of a traditional bank loan or other credit vehicle.

Implementation Plan

Due diligence on establishing the internal bank is being completed in discussions with the Division of Bond Finance. The most immediate need is for the issuance of bonds for the Stadium Renovation Project. Discussions have already started, and the university expects to update and seek approval from its Board of Trustees at its March meeting. The goal is to have the funding identified and juxtaposed to commitments already made and how best to fund the internal bank from a cash flow and liquidity perspective.

Resource Considerations

Cash on hand from auxiliary and other sources.

Conclusion

The internal bank will allow us to keep projects moving to meet the various deadlines established.

Board of Trustees

Budget and Finance Committee

February 22, 2024

Agenda Item

DISC-3: SPIA Balances and Short-Term Investments

Proposed Board Action

This information is being presented for discussion purposes only.

Authority for Board of Trustees Action

N/A

Supporting Documentation Included
None

Facilitators/Presenters
Gerald Hector, Senior Vice President for Administration and Finance Bert Francis, Assistant Vice President for Debt Management and University Treasurer

SPIA Balances and Short-Term Investments

EXECUTIVE SUMMARY

Objective

The objective of this agenda item is update and facilitate any further discussions on the university's cash management protocols, and its focus on garner as much passive income as possible to fund various aspects of the university's mission and objectives.

Summary of Key Discussion Topics and Questions

- The Board of Trustees approved a change in the university's short term cash management protocols to allow for the reinstitution of Pool I at BNY Mellon and small tweaks to the investment policy style guidelines for Pools II, III and IV.
- The funding for Pool I came from the Special Purpose Investment Account (SPIA) with the state of Florida which is primarily made up of Education and General (E&G) funds. The funds are now invested with BNY Mellon in primarily Treasury Securities backed by the government of the United States. The move also allowed up to pick almost 300bps on our funds.
- SPIA had an artificial floor that states institutions must maintain a balance in SPIA of approximately ***"60% of the previous three months average balance."*** In December that floor was adjusted to read, that institutions must keep approximately ***"40% of the previous three months average balance."***
- In addition to this change, the university held discussions with representatives from SPIA to discuss taking the floor even lower to take advantage of the favorable interest rates we are currently experiencing. We have been allowed to reduce the floor to take advantage of an opportunity with our main checking account banking partner in Bank of America.
- The university will move the SPIA floor down to **$1 million** and establish an account with Bank of America where we maintain **$50 million** on average for a pickup of approximately 100bps from what was being earned at SPIA.

Additional Background

In November 2022, the Board of Trustees approved changes to the short-term cash management strategies the university employs. It allowed for the university to move funds from the Special Purpose Investment Account (SPIA) housed with the state of Florida and move funds over to its BNY Mellon account that allowed for the reengagement of the Pool I class of assets. There was a substantial increase in passive investment earnings through this move. This discussion topic is to provide an update to the Board of Trustees, and to indicate that through discussions with representatives from SPIA, we have an opportunity to move a larger amount of funds from that investment vehicle over to the BNY Mellon account to take advantage of favorable interest rates for the foreseeable future. With the move, the university stands to benefit from approximately 200bps increase on any remaining funds at SPIA.

Rationale

There is an opportunity to pickup additional passive investment income by taking advantage of the favorable interest rate environment.

Implementation Plan

The change was made in early February.

Resource Considerations

N/A

Conclusion

The university will continue to take advantage of opportunities to increase resources flowing into its accounts. This move will allow it to increase its investment income which can be utilized as a part of the annual carryforward planning process each year.

Board of Trustees

Budget and Finance Committee

February 22, 2024

Agenda Item

INFO-1: University Investment Report – 2nd Quarter, Ended December 31, 2023

Proposed Board Action

This information is being presented for information purposes only.

Authority for Board of Trustees Action

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

Supporting Documentation Included

Attachment A: University Investment Report – 2nd Quarter, Ended December 31, 2023

Facilitators/Presenters

Gerald Hector, Senior Vice President for Administration and Finance
Bert Francis, Assistant Vice President for Debt Management and University Treasurer

University Investment Report –
2nd Quarter, Ended December 31, 2023

EXECUTIVE SUMMARY

Objective

The university Treasury office has worked with our &Co investment consultants to prepare the attached quarterly investment report for the quarter ended December 31, 2023.

Summary of Key Observations/Recommendations

This quarter includes the following highlights and notable changes:

- The University Structured Investment Portfolio (SIP) generated favorable returns of 3.93% for the quarter ended December 31, 2023.

- Pool I, primarily comprised of US Treasury securities, continued to deliver consistent results. These holdings yielded a consistent quarterly return of 1.41% and contributed over $3.7 million in net interest income.

- Pool III and Pool IV generated the highest levels of return for the quarter with total returns of 4.72% and 9.19% respectively. Both pools were driven by returns on the equity portfolio with domestic equities increasing by 11.68% and international equities increasing by 10.38%.

- As of December 31, 2023, the University has liquidated the SPIA fund down to a minimum balance of $50.0 million and has reinvested these funds into Pool I. The balance in Pool I as of December 31, 2023, is $239.1 million. The returns on the re-established Pool I have exceeded initial expectations and are currently trending above a 5.0% yield.

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

Additional Background

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

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

Bank of America operating account	$ 21,299,026
State of Florida Special Purpose Investment Account (SPIA)	50,107,755
Bank of New York Structured Investment Portfolio	600,418,332
Total Cash and Investments	$ 671,825,113

The structured investment portfolio achieved quarterly gains net of fees totaling $23,863,093 which includes $17,765,929 in market appreciation and $6,314,144 in interest and dividend income.

Rationale

This agenda item is intended to support the Committee's review and assessment of the University's investment portfolio as outlined in the Budget and Finance Committee Charter.

Implementation Plan

N/A

Resource Considerations

N/A

Conclusion

This agenda item is intended to provide Trustees with an overview of the University's investment portfolio on a quarterly basis.

Investment Performance Review
Period Ending December 31, 2023

University of Central Florida
Board Summary Report

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

Asset Allocation and Performance

	Allocation		Performance(%)						
	Market Value $	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Total Fund (Net)	**600,418,332**	**100.00**	**3.93**	**4.04**	**8.86**	**1.76**	**5.27**	**4.22**	**04/01/2010**
SPIA (Net)			0.71	1.34	2.36	1.65	2.09	1.85	
Total Fund (Gross)	**600,418,332**	**100.00**	**3.96**	**4.07**	**8.93**	**1.82**	**5.33**	**4.30**	**04/01/2010**
Pool I	**239,081,219**	**39.82**	**1.32**	**2.66**	**5.06**	**N/A**	**N/A**	**5.06**	**01/01/2023**
FTSE 3 Month T-Bill			1.41	2.80	5.26	2.25	1.91	5.26	
Pool II	**57,164,679**	**9.52**	**1.87**	**3.19**	**5.25**	**1.70**	**2.08**	**1.19**	**04/01/2010**
Pool II Policy			1.68	2.94	4.81	1.42	1.71	0.96	
Pool III	**161,463,663**	**26.89**	**4.72**	**4.44**	**8.25**	**1.46**	**3.94**	**3.62**	**04/01/2010**
Pool III Policy			4.50	4.22	7.73	1.05	3.63	3.32	
Pool IV	**142,708,770**	**23.77**	**9.19**	**5.97**	**16.96**	**3.91**	**9.81**	**8.29**	**04/01/2010**
Pool IV Policy			9.34	6.28	17.66	4.23	9.54	8.32	

Comparative Performance Trailing Returns

	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Pool I	**1.32**	**(33)**	**2.66**	**(23)**	**5.06**	**(15)**	**N/A**		**N/A**		**5.06**	**(15)**	**01/01/2023**
FTSE 3 Month T-Bill	1.41	(4)	2.80	(2)	5.26	(3)	2.25	(8)	1.91	(7)	5.26	(3)	
IM U.S. Taxable Money Market (MF) Median	1.30		2.59		4.88		2.06		1.68		4.88		
Fidelity MM (Pool I)	1.32	(37)	2.65	(26)	5.04	(18)	N/A		N/A		N/A		04/01/2010
FTSE 3 Month T-Bill	1.41	(4)	2.80	(2)	5.26	(3)	2.25	(8)	1.91	(7)	0.93	(10)	
IM U.S. Taxable Money Market (MF) Median	1.30		2.59		4.88		2.06		1.68		0.77		
Invesco MM (Pool I)	1.33	(29)	2.66	(19)	5.09	(13)	N/A		N/A		5.09	(13)	01/01/2023
FTSE 3 Month T-Bill	1.41	(4)	2.80	(2)	5.26	(3)	2.25	(8)	1.91	(7)	5.26	(3)	
IM U.S. Taxable Money Market (MF) Median	1.30		2.59		4.88		2.06		1.68		4.88		

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

Comparative Performance Trailing Returns	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Pool II	**1.87**	**(42)**	**3.19**	**(53)**	**5.25**	**(76)**	**1.70**	**(79)**	**2.08**	**(63)**	**1.19**	**(77)**	**04/01/2010**
Pool II Policy	1.68	(57)	2.94	(72)	4.81	(100)	1.42	(93)	1.71	(99)	0.96	(99)	
IM U.S. Cash Fixed Income (SA+CF) Median	1.77		3.25		5.45		2.24		2.19		1.43		
Galliard (Pool II)	1.87	(42)	3.19	(53)	5.25	(76)	1.70	(79)	2.08	(63)	1.19	(77)	04/01/2010
Pool II Policy	1.68	(57)	2.94	(72)	4.81	(100)	1.42	(93)	1.71	(99)	0.96	(99)	
IM U.S. Cash Fixed Income (SA+CF) Median	1.77		3.25		5.45		2.24		2.19		1.43		

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

Comparative Performance Trailing Returns

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Pool III (Net)	**4.67**	**4.39**	**8.14**	**1.39**	**3.86**	**3.52**	**04/01/2010**
Pool III Policy	4.50	4.22	7.73	1.05	3.63	3.32	
Pool III (Gross)	**4.72**	**4.44**	**8.25**	**1.46**	**3.94**	**3.62**	**04/01/2010**
Pool III Policy	4.50	4.22	7.73	1.05	3.63	3.32	
Pool III - Domestic Equity	**11.68 (55)**	**8.02 (52)**	**26.24 (26)**	**9.96 (33)**	**15.66 (25)**	**12.51 (43)**	**04/01/2010**
Pool III Equity Policy	11.69 (55)	8.04 (51)	26.29 (25)	10.00 (32)	15.69 (24)	13.08 (27)	
IM U.S. Equity (SA+CF+MF) Median	11.90	8.05	18.55	8.31	13.22	12.15	
Pool III - Fixed Income	**3.44 (15)**	**3.76 (35)**	**5.28 (52)**	**-0.36 (95)**	**1.75 (78)**	**1.87 (47)**	**04/01/2010**
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	3.23 (26)	3.49 (73)	4.61 (94)	-0.65 (100)	1.38 (98)	1.53 (78)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	2.95	3.66	5.29	0.59	2.01	1.84	

Pool III Policy: 15% S&P500, 85% BofA ML 1-5 Yr Gov/Credit Rated A and Above; Pool III Domestic Equity Policy: 100% S&P500
Returns for periods greater than one year are annualized.
Returns are expressed as percentages.

	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Domestic Equity													
Vanguard Instl (Pool III)	11.68	(18)	8.02	(18)	26.24	(15)	9.96	(8)	15.66	(6)	13.01	(4)	07/01/2013
S&P 500 Index	11.69	(8)	8.04	(9)	26.29	(5)	10.00	(1)	15.69	(3)	13.04	(1)	
IM S&P 500 Index (MF) Median	11.61		7.89		25.96		9.67		15.34		12.64		
Fixed Income													
Galliard (Pool III)	3.60	(11)	3.95	(23)	5.59	(33)	-0.35	(95)	1.86	(67)	1.96	(40)	04/01/2010
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	3.23	(26)	3.49	(73)	4.61	(94)	-0.65	(100)	1.38	(98)	1.53	(78)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	2.95		3.66		5.29		0.59		2.01		1.84		
Sawgrass (Pool III)	3.24	(26)	3.50	(73)	4.86	(82)	-0.38	(95)	1.60	(88)	1.74	(56)	04/01/2010
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	3.23	(26)	3.49	(73)	4.61	(94)	-0.65	(100)	1.38	(98)	1.53	(78)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	2.95		3.66		5.29		0.59		2.01		1.84		

Pool III Policy: 15% S&P500, 85% BofA ML 1-5 Yr Gov/Credit Rated A and Above; Pool III Domestic Equity Policy: 100% S&P500
Returns for periods greater than one year are annualized.
Returns are expressed as percentages.

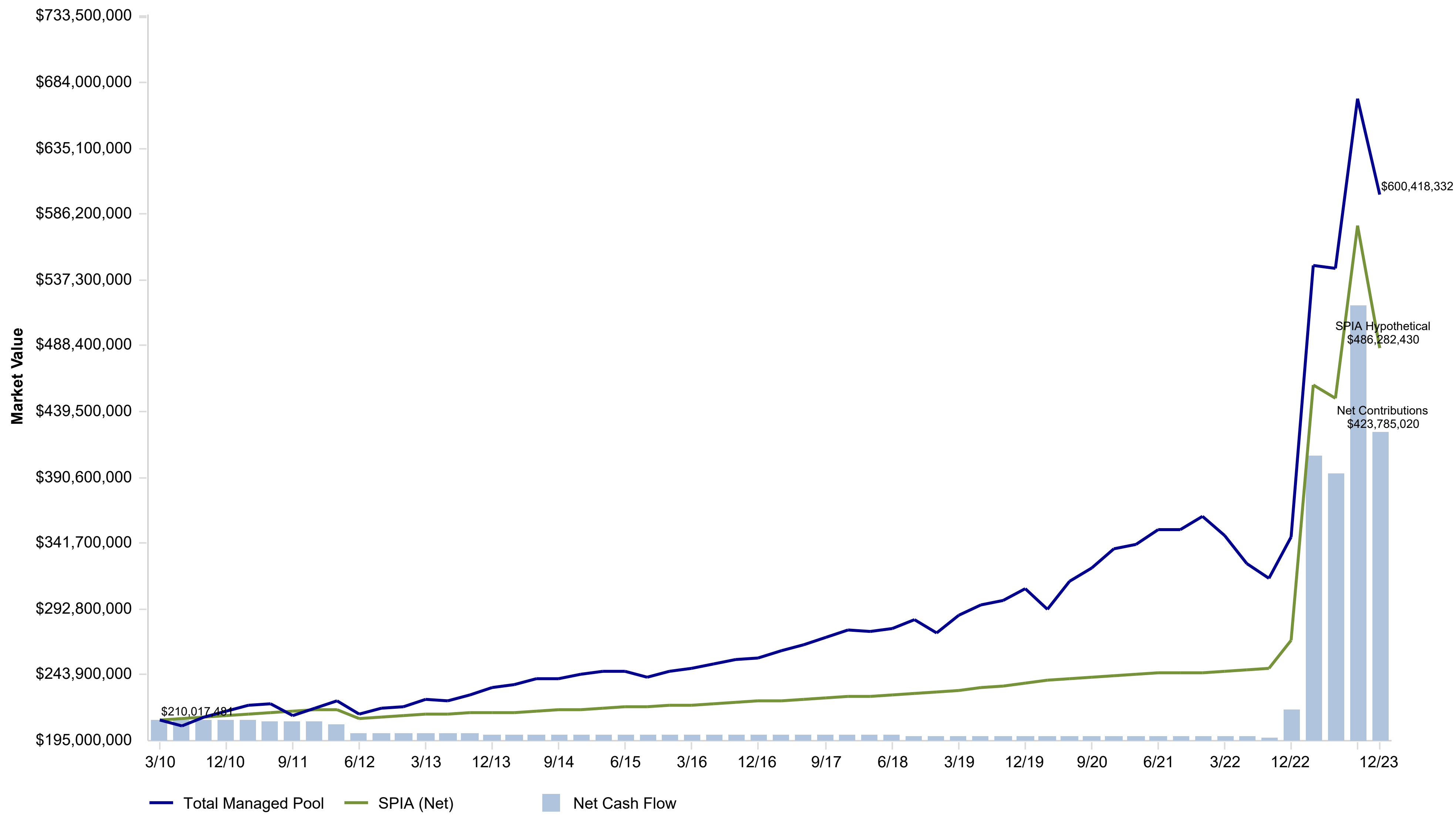
Comparative Performance Trailing Returns	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Pool IV (Net)	**9.14**		**5.92**		**16.85**		**3.86**		**9.76**		**8.18**		**04/01/2010**
Pool IV Policy	9.34		6.28		17.66		4.23		9.54		8.32		
Pool IV (Gross)	**9.19**		**5.97**		**16.96**		**3.91**		**9.81**		**8.29**		**04/01/2010**
Pool IV Policy	9.34		6.28		17.66		4.23		9.54		8.32		
Pool IV - Total Equity	**11.49**		**7.32**		**24.66**		**7.36**		**14.14**		**11.03**		**04/01/2010**
Pool IV Equity Policy	11.41		7.71		24.76		8.28		13.90		11.27		
Pool IV - Domestic Equity	**11.68**	**(55)**	**8.02**	**(52)**	**26.24**	**(26)**	**9.96**	**(33)**	**15.66**	**(25)**	**12.55**	**(42)**	**04/01/2010**
Pool IV Domestic Equity Policy	11.69	(55)	8.04	(51)	26.29	(25)	10.00	(32)	15.69	(24)	13.08	(27)	
IM U.S. Equity (SA+CF+MF) Median	11.90		8.05		18.55		8.31		13.22		12.15		
Pool IV - International Equity	**10.38**	**(37)**	**3.40**	**(62)**	**16.06**	**(42)**	**-2.66**	**(66)**	**8.04**	**(34)**	**5.29**	**(41)**	**04/01/2010**
MSCI AC World ex USA	9.82	(45)	5.78	(32)	16.21	(40)	2.04	(38)	7.60	(42)	5.07	(48)	
IM International Equity (MF) Median	9.36		4.45		15.20		0.58		7.08		4.96		
Pool IV - Fixed Income	**5.60**	**(18)**	**3.80**	**(36)**	**6.22**	**(15)**	**-2.61**	**(95)**	**1.95**	**(26)**	**3.03**	**(8)**	**04/01/2010**
Pool IV Fixed Income Policy	5.50	(22)	3.51	(71)	5.18	(71)	-3.42	(98)	1.04	(93)	2.34	(44)	
IM U.S. Intermediate Duration (SA+CF) Median	4.66		3.67		5.40		-1.56		1.64		2.28		

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

	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Domestic Equity													
Vanguard Instl (Pool IV)	11.68	(18)	8.02	(18)	26.24	(15)	9.96	(8)	15.66	(6)	13.01	(4)	07/01/2013
S&P 500 Index	11.69	(8)	8.04	(9)	26.29	(5)	10.00	(1)	15.69	(3)	13.04	(1)	
IM S&P 500 Index (MF) Median	11.61		7.89		25.96		9.67		15.34		12.64		
International Equity													
Europacific Growth (Pool IV)	10.38	(40)	3.40	(86)	16.06	(61)	-2.66	(100)	8.04	(36)	5.84	(15)	04/01/2010
MSCI AC World ex USA	9.82	(57)	5.78	(39)	16.21	(60)	2.04	(66)	7.60	(48)	5.07	(49)	
IM International Multi-Cap Core Equity (MF) Median	9.98		5.46		17.14		2.96		7.46		5.04		
Fixed Income													
Galliard Intermediate (Pool IV)	5.60	(18)	3.80	(36)	6.15	(16)	-2.79	(95)	1.72	(40)	3.01	(9)	04/01/2010
Galliard Pool IV Policy	5.50	(22)	3.51	(71)	5.18	(71)	-3.42	(98)	1.04	(93)	2.34	(45)	
IM U.S. Intermediate Duration (SA+CF) Median	4.66		3.67		5.40		-1.56		1.64		2.28		

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

Schedule of Investable Assets

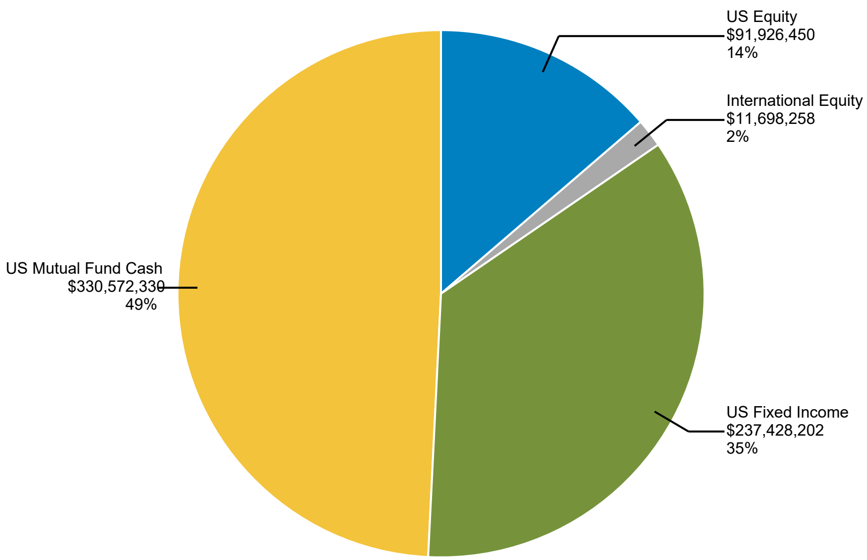


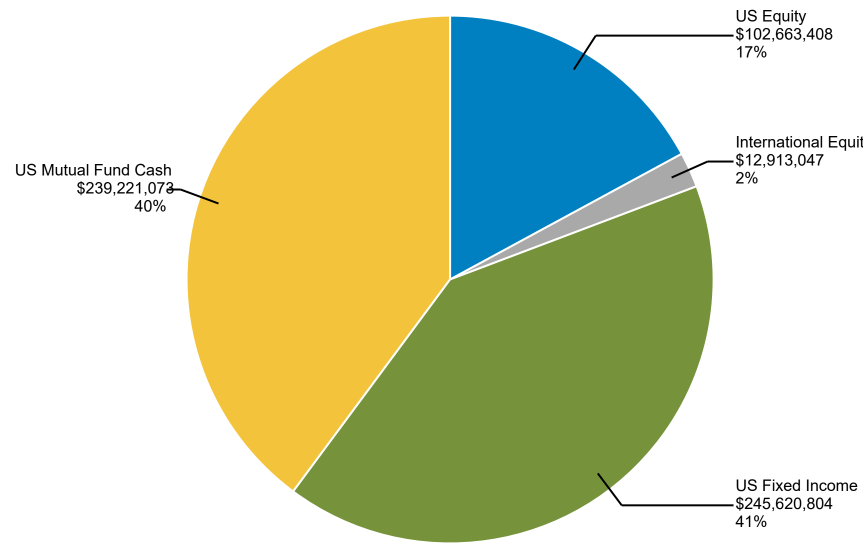
Schedule of Investable Assets

Periods Ending	Beginning Market Value	Net Cash Flow	Gain/Loss	Ending Market Value	Return %
Inception	$210,017,481	$213,767,539	$176,633,312	$600,418,332	4.30

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.

Sep-2023 : $671,625,240	Dec-2023 : $600,418,332





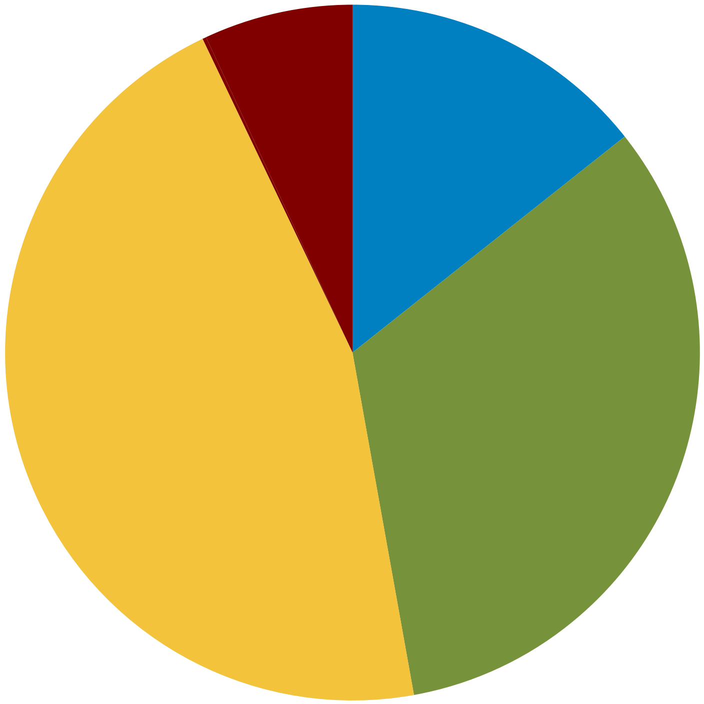
Allocation (Sep-2023)

	Market Value	Allocation
US Equity	91,926,450	13.7
International Equity	11,698,258	1.7
US Fixed Income	237,428,202	35.4
US Mutual Fund Cash	330,572,330	49.2

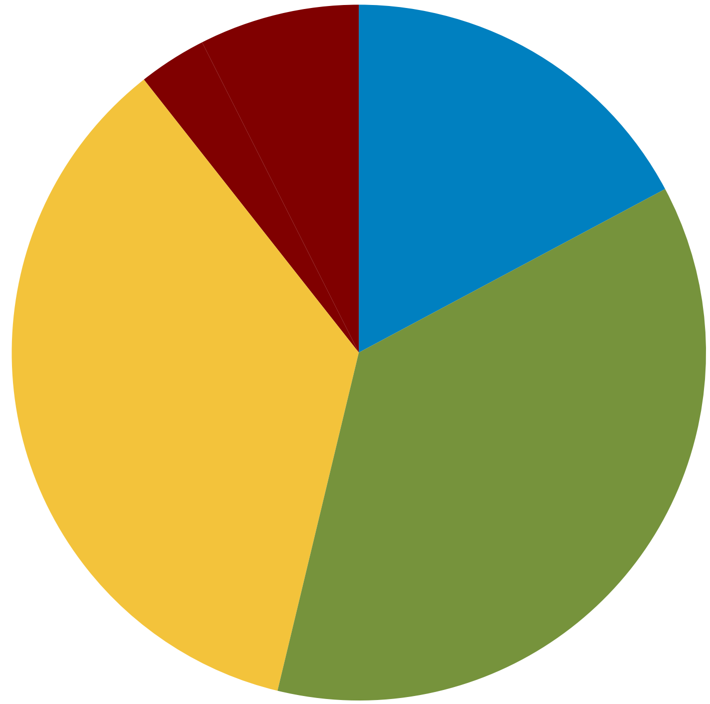
Allocation (Dec-2023)

	Market Value	Allocation
US Equity	102,663,408	17.1
International Equity	12,913,047	2.2
US Fixed Income	245,620,804	40.9
US Mutual Fund Cash	239,221,073	39.8

Sep-2023 : $723,001,255.0



Dec-2023 : $671,825,112.8



Allocation	Market Value	Allocation	Allocation	Market Value	Allocation
Equity	103,624,708	14.3	Equity	115,576,455	17.2
Fixed Income	237,428,202	32.8	Fixed Income	245,620,804	36.6
Mutual Fund Cash	330,572,330	45.7	Mutual Fund Cash	239,221,073	35.6
Bank of America	1,268,104	0.2	Bank of America	21,299,026	3.2
SPIA	50,107,911	6.9	SPIA	50,107,755	7.5

Financial Reconciliation Quarter to Date

	Market Value 10/01/2023	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 12/31/2023
Pool I	**330,427,639**	**-**	**115,656,000**	**-210,726,000**	**-**	**-13,076**	**3,736,656**	**-**	**239,081,219**
Fidelity MM (Pool I)	164,285,023	-	57,332,104	-105,363,000	-	-6,538	1,846,178	-	118,093,766
Invesco MM (Pool I)	166,142,616	-	58,323,896	-105,363,000	-	-6,538	1,890,478	-	120,987,453
Pool II	**56,160,332**	**-**	**-**	**-**	**-41,229**	**-3,819**	**484,635**	**564,759**	**57,164,679**
Galliard (Pool II)^	56,160,332	-	-	-	-41,229	-3,819	484,635	564,759	57,164,679
Pool III	**154,269,038**	**-**	**-**	**-**	**-75,076**	**-10,684**	**1,086,713**	**6,193,673**	**161,463,663**
Pool III - Fixed	**130,350,481**	**-**	**-**	**-**	**-75,076**	**-9,138**	**977,689**	**3,511,483**	**134,755,438**
Galliard (Pool III)	74,736,450	-	-	-	-55,639	-5,596	722,358	1,963,987	77,361,559
Sawgrass (Pool III)	55,614,031	-	-	-	-19,437	-3,542	255,331	1,547,495	57,393,878
Pool III - Dom Equity	**23,894,858**	**-**	**-**	**-**	**-**	**-**	**108,716**	**2,682,191**	**26,685,764**
Vanguard Instl (Pool III)	23,894,858	-	-	-	-	-	108,716	2,682,191	26,685,764
Pool III - Mutual Fund Cash	**23,699**	**-**	**-**	**-**	**-**	**-1,546**	**308**	**-**	**22,461**
Pool IV	**130,768,231**	**-**	**-**	**-**	**-62,511**	**-10,586**	**1,006,140**	**11,007,497**	**142,708,770**
Pool IV - Fixed	**50,917,389**	**-**	**-**	**-**	**-62,511**	**-5,401**	**491,214**	**2,359,997**	**53,700,688**
Galliard Intermediate (Pool IV)	50,917,389	-	-	-	-62,511	-5,401	491,214	2,359,997	53,700,688
Dodge & Cox Income (Pool IV)	-	-	-	-	-	-	-	-	-
Pool IV - Dom Equity	**68,031,592**	**-**	**-**	**-**	**-**	**-**	**309,527**	**7,636,525**	**75,977,644**
Vanguard Instl (Pool IV)	68,031,592	-	-	-	-	-	309,527	7,636,525	75,977,644
Pool IV - Int'l Equity	**11,698,258**	**-**	**-**	**-**	**-**	**-**	**203,815**	**1,010,974**	**12,913,047**
Europacific (Pool IV)	11,698,258	-	-	-	-	-	203,815	1,010,974	12,913,047
Pool IV - Mutual Fund Cash	**120,992**	**-**	**-**	**-**	**-**	**-5,184**	**1,584**	**-**	**117,392**
Total Managed Pool	**671,625,240**	**-**	**115,656,000**	**-210,726,000**	**-178,816**	**-38,164**	**6,314,144**	**17,765,929**	**600,418,332**

Financial Reconciliation Fiscal Year to Date	Market Value 07/01/2023	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 12/31/2023
Pool I	**200,992,044**	**-**	**497,283,342**	**-466,596,342**	**-**	**-26,733**	**7,428,908**	**-**	**239,081,219**
Fidelity MM (Pool I)	99,985,031	-	247,742,536	-233,298,171	-	-13,367	3,677,737	-	118,093,766
Invesco MM (Pool I)	101,007,013	-	249,540,806	-233,298,171	-	-13,367	3,751,172	-	120,987,453
Pool II	**55,447,265**	**-**	**-**	**-**	**-41,229**	**-7,931**	**898,784**	**867,789**	**57,164,679**
Galliard (Pool II)^	55,447,265	-	-	-	-41,229	-7,931	898,784	867,789	57,164,679
Pool III	**154,696,142**	**-**	**-**	**-**	**-75,076**	**-21,408**	**2,113,433**	**4,750,572**	**161,463,663**
Pool III - Fixed	**129,966,511**	**-**	**-**	**-**	**-75,076**	**-18,441**	**1,914,468**	**2,967,976**	**134,755,438**
Galliard (Pool III)	74,486,509	-	-	-	-55,639	-11,321	1,391,969	1,550,041	77,361,559
Sawgrass (Pool III)	55,480,002	-	-	-	-19,437	-7,120	522,499	1,417,935	57,393,878
Pool III - Dom Equity	**24,704,822**	**-**	**-**	**-**	**-**	**-**	**198,346**	**1,782,597**	**26,685,764**
Vanguard Instl (Pool III)	24,704,822	-	-	-	-	-	198,346	1,782,597	26,685,764
Pool III - Mutual Fund Cash	**24,809**	**-**	**-**	**-**	**-**	**-2,967**	**620**	**-**	**22,461**
Pool IV	**134,754,488**	**-**	**-**	**-**	**-62,511**	**-20,573**	**1,746,041**	**6,291,326**	**142,708,770**
Pool IV - Fixed	**51,803,828**	**-**	**-**	**-**	**-62,511**	**-9,647**	**974,344**	**994,674**	**53,700,688**
Galliard Intermediate (Pool IV)	51,803,828	-	-	-	-62,511	-9,647	974,344	994,674	53,700,688
Dodge & Cox Income (Pool IV)	-	-	-	-	-	-	-	-	-
Pool IV - Dom Equity	**70,337,658**	**-**	**-**	**-**	**-**	**-**	**564,715**	**5,075,271**	**75,977,644**
Vanguard Instl (Pool IV)	70,337,658	-	-	-	-	-	564,715	5,075,271	75,977,644
Pool IV - Int'l Equity	**12,487,851**	**-**	**-**	**-**	**-**	**-**	**203,815**	**221,382**	**12,913,047**
Europacific (Pool IV)	12,487,851	-	-	-	-	-	203,815	221,382	12,913,047
Pool IV - Mutual Fund Cash	**125,151**	**-**	**-**	**-**	**-**	**-10,926**	**3,167**	**-**	**117,392**
Total Managed Pool	**545,889,939**	**-**	**497,283,342**	**-466,596,342**	**-178,816**	**-76,645**	**12,187,167**	**11,909,688**	**600,418,332**

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%.	✓		

	Estimated Annual Fee (%)	Market Value ($)	Estimated Annual Fee ($)	Fee Schedule
Fidelity MM (Pool I)	0.25	118,093,766	295,234	0.25 % of Assets
Invesco MM (Pool I)	0.21	120,987,453	254,074	0.21 % of Assets
Pool I	**0.23**	**239,081,219**	**549,308**	
Galliard	0.10	57,164,679	57,165	0.10 % of Assets
Pool II	**0.10**	**57,164,679**	**57,165**	
Galliard	0.10	77,361,559	77,362	0.10 % of Assets
Sawgrass	0.07	57,393,878	40,176	0.07 % of Assets
Pool III - Fixed Income	***0.09***	***134,755,438***	***117,537***	
Vanguard Institutional Index*	0.04	26,685,764	9,340	0.04 % of Assets
Pool III - Domestic Equity	***0.04***	***26,685,764***	***9,340***	
Mutual Fund Cash*	0.21	22,461	47	0.21 % of Assets
Pool III	**0.08**	**161,463,663**	**126,924**	
Galliard Intermediate	0.20	53,700,688	107,401	0.20 % of Assets
Pool IV - Fixed Income	***0.20***	***53,700,688***	***107,401***	
Vanguard Institutional Index*	0.04	75,977,644	26,592	0.04 % of Assets
Pool IV - Domestic Equity	***0.04***	***75,977,644***	***26,592***	
Europacific Growth*	0.46	12,913,047	59,400	0.46 % of Assets
Pool IV - International Equity	***0.46***	***12,913,047***	***59,400***	
Mutual Fund Cash*	0.21	117,392	247	0.21 % of Assets
Pool IV	**0.14**	**142,708,770**	**193,640**	
Total Managed Pool	**0.15**	**600,418,332**	**927,037**	

*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.
*Fee information on this page is an illustrative estimate of management fees based on current reported portfolio values. Fee estimates do not reflect actual calculation methodologies or applicable carried interest.

Active Return - Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.

Alpha - A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.

Beta - A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.

Consistency - The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.

Distributed to Paid In (DPI) - The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.

Down Market Capture - The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance

Downside Risk - A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.

Excess Return - Arithmetic difference between the manager's performance and the risk-free return over a specified time period.

Excess Risk - A measure of the standard deviation of a portfolio's performance relative to the risk free return.

Information Ratio - This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.

Public Market Equivalent (PME) - Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.

R-Squared - The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.

Return - Compounded rate of return for the period.

Sharpe Ratio - Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.

Standard Deviation - A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.

Total Value to Paid In (TVPI) - The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life

Tracking Error - This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.

Treynor Ratio - Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.

Up Market Capture - The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

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

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

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

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

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Board of Trustees

Budget and Finance Committee

February 22, 2024

Agenda Item

INFO-2: 2023-2024 Fixed Capital Outlay Budget Update as of December 31, 2023

Proposed Board Action

For information purposes only.

Authority for Board of Trustees Action

UCF Policy 3-211 – University Budget Process

Supporting Documentation Included
Attachment A: 2023-2024 Fixed Capital Outlay Budget Update as of December 31, 2023
Facilitators/Presenters
Gerald Hector, Senior Vice President for Administration and Finance Jon Varnell, Vice President for Administrative Operations

2023-2024 Fixed Capital Outlay Budget Update as of December 31, 2023

EXECUTIVE SUMMARY

Objective

This item informs the committee of estimated expense to actuals for the 2023-2024 Fixed Capital Outlay Budget (FCOB) in accordance with UCF Policy 3-211, University Budget Process.

Summary of Key Observations/Recommendations

Life to date budget as of December 31, 2023, was $283M. Expenditures plus encumbrances totaled $91M leaving a remaining balance of $192M. This balance primarily consists of the Chemistry renovation ($36M), Biological Sciences renovation ($29M), John Hitt Library renovation ($27M), and the College of Nursing Building ($59M). Design timelines for these major projects result in substantial portions of available funds. This is normal as project timelines span multiple years due to timing, design, and workload. These projects have estimated completion dates ranging from 2026 through 2028 and are on track to be completed on schedule.

The FCOB estimated 2023-2024 annual expenditures of $54M with an estimate of $25M through December 31st. Actuals were $12.5M. There are many uncertainties with estimating the timing of expenditures for construction, including effort involved in receiving invoices and the payment cycle. It is even more challenging for a short six-month timeframe. Variances are to be expected. Actual expenditures are below estimates by $12.5M primarily due to:

- The College of Nursing Building ($3.4M) attributed to major mechanical, electrical, and plumbing equipment initially thought to be expensed by December now expected in January 2024.
- Housing deferred maintenance projects ($2.8M) are tracking below estimates, and cost savings are being redirected to fund critical life-safety projects, including updating fire panels and boiler safety.
- Various parking projects resulted in $1.4M actuals below estimates. Bids came in higher than expected for upgrade projects that need to occur when the campus is not fully occupied. Projected expense for the College of Medicine parking lot was low for the first half of the year but is expected to catch up in the second half.

Additional Background

The 2023-2024 Fixed Capital Outlay Update as of December 31, 2023, will also be presented to the Facilities and Infrastructure Committee.

Rationale

Projects presented in the FCOB provide critical support to all university programs and support university goals outlined in the UCF Strategic Plan. Investments in upkeep of our facilities ensures we have state-of-the-art buildings to support the university's mission. The College of Nursing Building supports research infrastructure, and the prevailing workforce needs of the state.

Implementation Plan

The FCO update is one component of the capital project reporting cycle. Ongoing projects at June 30, 2024, will transfer to 2024-2025 FCOB.

Resource Considerations

Projects included in this update were previously approved in the 2023-2024 Fixed Capital Outlay Budget. New projects and cost revision approvals follow the university's policies and procedures.

Conclusion

This update provides visibility on the progress and funding commitments made in support of the university's capital plan to the Board of Trustees.

Attachment A

2023-2024 Fixed Capital Outlay Budget Update
As of December 31, 2023

Category	Project Title/Name	Description	Total Project Budget (Estimated Project Cost)	Funding Source(s) Source	Funding Source(s) Amount	New Projects and Cost Revisions	Revised Project Cost	Expenditures	Encumbrances	Remaining Balance	FCO Budget Estimated Expense 7/1/23-12/31/23	Actuals 7/1/23-12/31/23	(Over) / Under	Comments
Education & General (E&G) Operating Projects [1]			$1,000,000	E&G Operating Funds	$1,000,000	$0	$1,000,000	$0	$81,840	$918,160	$50,000	$0	$50,000	
Carryforward (CF) - Small Projects [2]			$13,674,079	CF Auxiliary Contracts & Grants Total:	$12,404,519 1,235,000 34,561 $13,674,079	$218,929	$13,893,008	$5,432,257	$4,666,069	$3,794,683	$3,718,302	$1,914,261	$1,804,041	Actual spend is less than FCO Budget Estimate primarily due to utility chiller ($0.6M), CREOL HVAC and controls ($0.5M), and stormwater project ($0.4M).
Carryforward (CF) - Large Projects [3]														
	Biological Sciences Building Renovation, Repairs, and Maintenance	HVAC and other system repairs and upgrades	$5,000,000	CF Total:	$5,000,000 $5,000,000	$0	$5,000,000	$4,579,821	$286,028	$134,152	$429,008	$437,836	($8,828)	Project in close-out.
	Research 1 Microgrid and Linear Generators	Research-related project to install linear generators, microgrid, and photovoltaics at the Research 1 building	$4,700,000	CF Total:	4,700,000 $4,700,000	$0	$4,700,000	$222,339	$519,929	$3,957,732	$370,000	$147,609	$222,391	Funding listed is the UCF contribution. Total project funds presented to the BOT in June 2023 included funds committed by external partners.
	Communication and Media Building Curtainwall and Roof Replacement	Curtainwall replacement, roof recoat, building envelope repairs	$4,538,800	CF PECO Total:	4,500,000 38,800 $4,538,800	$0	$4,538,800	$2,492,592	$1,438,970	$607,238	$913,402	$305,928	$607,474	Actuals are less than estimated due to roof project being on hold for beginning of the fiscal year. As of January 2024, the roof project is obtaining proposals for design.
	Chemistry Building Renovation / Remodel	Complete renovation / remodel of the Chemistry Building. The project has multiple phases to allow portions of the building to remain open during construction and avoid the need for swing space	$40,140,000	General Revenue (SFRF) CF Auxiliary PECO Total:	10,000,000 5,140,000 10,000,000 15,000,000 $40,140,000	($3,460)	$40,136,540	$1,833,034	$1,857,127	$36,446,379	$1,149,828	$1,479,523	($329,695)	
	Biological Sciences Building Renovation	Complete renovation of the Biological Sciences building systems and finishes	$31,990,000	General Revenue (SFRF) CF Total:	21,630,000 10,360,000 $31,990,000	$0	$31,990,000	$1,697,506	$826,638	$29,465,856	$948,949	$1,527,656	($578,707)	
	FBC Mortgage Stadium Fire Alarm	FBC Mortgage Stadium fire alarm system replacement	$3,050,000	CF Total:	3,050,000 $3,050,000	$0	$3,050,000	$0	$0	$3,050,000	$250,000	$0	$250,000	Project is in design.
	FBC Mortgage Stadium Structural Steel Coating Maintenance	FBC Mortgage Stadium structural steel coating maintenance	$3,750,000	CF Total:	3,750,000 $3,750,000	$0	$3,750,000	$0	$0	$3,750,000	$618,750	$0	$618,750	Construction proposal to be received by end of January 2024.
	UCF at Daytona State College	Interior upgrades and deferred maintenance to support the Institute for Risk Management and Insurance Education	$10,000,000	CF Total:	10,000,000 $10,000,000	$0	$10,000,000	$0	$3,741,795	$6,258,205	$250,000	$0	$250,000	Five Daytona State projects have begun. Two are anticipated to be completed this fiscal year. The remaining three are anticipated to be completed in fall 2024.
				Subtotal - Carryforward- Large	$103,168,800	($3,460)	$103,165,340	$10,825,291	$8,670,487	$83,669,562	$4,929,937	$3,898,552	$1,031,385	

Category	Project Title/Name	Description	Total Project Budget (Estimated Project Cost)	Funding Source(s) Source	Funding Source(s) Amount	New Projects and Cost Revisions	Revised Project Cost	Expenditures	Encumbrances	Remaining Balance	FCO Budget Estimated Expense 7/1/23-12/31/23	Actuals 7/1/23-12/31/23	(Over) / Under	Comments
State Appropriated Projects [4,6]														
	Repair, Maintenance, Renovation, Remodel (Sum of Digits)	Minor projects - repair, maintenance, renovation, remodel, site improvements	$8,498,461	PECO Total:	$8,498,461 $8,498,461	$0	$8,498,461	$6,796,167	$0	$1,702,294	$325,000	$0	$325,000	
	John Hitt Library Renovation Phase II	Renovation of existing library spaces	$45,368,009	CITF Total:	45,368,009 $45,368,009	$0	$45,368,009	$17,289,427	$1,398,533	$26,680,050	$1,185,155	$1,394,021	($208,866)	The Library level 3 renovation completed on schedule and under budget. It opened to students in March 2023. Remaining funds will be allocated to level 4 renovations with an anticipated start date of June 2024.
	Performing Arts Complex Phase II - Design Only	Design of a new Performing Arts Complex on UCF main campus	$2,600,000	CITF Donations Total:	2,000,000 600,000 $2,600,000	($1,157,744)	$1,442,256	$1,442,256	$0	$0	$49,342	$139,323	($89,981)	Project closed and all $600k of donation funds have been returned to the Foundation. The remaining CITF funds will be requested to be reallocated to another project.
	Burnett School of Biomedical Sciences Controls Upgrade	Upgrade the controls of the Burnett Bio-Medical Sciences Building	$999,485	PECO Total:	999,485 $999,485	$0	$999,485	$761,652	$145,662	$92,172	$117,494	$79,889	$37,605	
	College of Nursing Building	College of Nursing Building	$68,781,430	General Revenue (SFRF) Donations PECO Total:	29,000,000 25,000,000 14,781,430 $68,781,430	$0	$68,781,430	$2,501,468	$6,856,475	$59,423,488	$5,213,450	$1,795,260	$3,418,190	SFRF- State Fiscal Recovery Funds Project has received 100% design documents and contractor is working to provide final GMP. Actuals are less than estimated due to major mechanical/electrical/plumbing (MEP) equipment not being ordered/billed as of December 2023.
	Education Complex Fire Alarm Replacement	Education Complex Fire Alarm Replacement	$589,993	General Revenue (SFRF) PECO Total:	443,514 146,479 $589,993	$0	$589,993	$377,454	$116,944	$95,595	$294,996	$377,454	($82,458)	
				Subtotal - State Appropriated:	$126,837,378	($1,157,744)	$125,679,633	$29,168,422	$8,517,613	$87,993,599	$7,185,437	$3,785,947	$3,399,490	
Non-Appropriated Projects [5,6]														
	HVAC renovations to prevent the spread of COVID-19 through air filtration systems	HEERF Air Quality Improvement Projects	$16,563,642	Contracts & Grants Auxiliary Total:	$16,499,334 64,308 $16,563,642	($62,127)	$16,501,515	$14,876,022	$1,127,662	$497,831	$941,381	$725,801	$215,580	Expected completion March 2024.
	Student Union Roof and Building Envelope Repairs	Student Union Roof and Building Envelope Repairs	$2,763,912	Activity & Svc Fees Total:	2,763,912 $2,763,912	$0	$2,763,912	$2,035,302	$552,762	$175,849	$1,166,729	$1,604,848	($438,119)	
	Individual Projects under $2M		$17,447,738	Auxiliary Total:	17,447,738 $17,447,738	$2,933,946	$20,381,684	$625,016	$4,699,621	$15,057,047	$7,013,384	$562,310	$6,451,074	New project/cost revision column primarily consists of new projects such as utilities smart grid ($1.3M), housing roof replacement ($0.4M), and two parking lot reclamations ($0.4M). Also includes cost increase for chilled water expansion ($0.4M). Actual expense is less than estimated primarily due to housing ($2.8M) and parking ($1.4M) (see Executive Summary).
				Subtotal - Non-Appropriated:	$36,775,292	$2,871,819	$39,647,110	$17,536,340	$6,380,044	$15,730,727	$9,121,494	$2,892,959	$6,228,535	
			$281,455,549		**$281,455,549**	**$1,929,543**	**$283,385,091**	**$62,962,310**	**$28,316,053**	**$192,106,731**	**$25,005,170**	**$12,491,719**	**$12,513,451**	

Notes:

1) *Education & General (E&G) Operating Projects* is a 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.
2) *Carryforward (CF) - Small Projects* is a 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 FCO budget. For a list of individual projects, refer to the Carryforward Spending Plans (CFSP).
3) *Carryforward (CF) - Large Projects* includes 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.
4) *State Appropriated Projects* - 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.
5) *Non-Appropriated Projects* - 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(2)(e). For the purpose herein, all projects $2 million or less can be consolidated into a single line item.
6) In light of the definition of "board" (s. 1013.01, F.S.), the requirements of s. 1031.61, F.S., the FCO Budget does not apply to those projects acquired, constructed, and owned by a Direct Support Organization or under a Public Private Partnership.