June 24, 2024 | Budget and Finance Committee

Board of Trustees
UCF Student Union, Pegasus Ballroom
2024-06-24 14:30 - 16:00 EDT

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June 24, 2024 | Budget and Finance Committee

Board of Trustees
Monday, June 24, 2024 at 2:30 PM EDT to Monday, June 24, 2024 at 4:00 PM EDT
UCF Student Union, Pegasus Ballroom
Virtual Link: https://www.youtube.com/live/OK3Gqgy2C5I?feature=shared

Agenda

Agenda

I. Opening Actions **2:30 PM**

A. Call to Order and Welcome
Presenter: Bill Christy, Chair, Budget and Finance Committee

B. Roll Call
Presenter: Carmen Jarquin, Director, Governance Operations

II. Minutes from the February 22, 2024, meeting **2:35 PM**
Presenter: Chair Christy

III. Action **2:40 PM**

A. BUDC-1: Preliminary 2024-2025 University Operating Budget and Spending Authority
Presenter: Gerald Hector, Senior Vice President for Administration and Finance, Kim Banks, Senior Assistant Vice President for Budget Planning and Analysis

B. BUDC-2: 2024-2025 Proposed Direct Support Organizations and Related Entity Operating Budgets
Presenters: Gerald Hector, Christy Tant, Assistant Vice President for DSO Accounting and Reporting

C. BUDC-3: Renewal of Reducing Revolving Line of Credit – Fifth Third Bank
Presenters: Gerald Hector, Terry Donovan, Deputy Athletics Director, Administration & Engagement and UCF Athletics Association Chief Financial Officer

D. BUDC-4: UCF Stadium Corporation Release of Unrestricted Surplus
Presenters: Gerald Hector, Terry Donovan

E. BUDC-5: UCF Pouring Rights with Coca-Cola – Contract Extension Approval
Presenters: Gerald Hector, Jon Varnell, Vice President for Administrative Operations, Kevin Sowers, Assistant Vice President for Auxiliary Services

IV. Information **3:50 PM**

A. INFO-1: University Investment Report – 3rd Quarter, Ended March 31, 2024
Presenters: Gerald Hector, Bert Francis, Assistant Vice President for Debt Management and University Treasurer

B. INFO-2: Final University Audited Financial Statements
Presenters: Gerald Hector, Danta White, Senior Assistant Vice President for Financial Affairs and University Controller

C. INFO-3: UCF Athletics Association Memorandum of Understanding Release
Presenters: Gerald Hector, Terry Mohajir, Vice President and Athletics Director

V. New Business **3:55 PM**

Presenter: Chair Christy

VI. Adjournment **4:00 PM**

Presenter: Chair Christy

UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees Meeting
Budget and Finance Committee
February 22, 2024
UCF Rosen College of Hospitality Management, Disney Dining Room

MINUTES

CALL TO ORDER

Trustee Harold Mills, chair of the Budget and Finance Committee, called the meeting to order at 12:20 p.m.

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

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

MINUTES

The minutes of the November 16, 2023, Budget and Finance Committee meeting were approved as submitted.

ACTION

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

BUDC – 1 Operating Budget for Housing Auxiliary with Bonded Debt

Gerald Hector, Senior Vice President for Administration and Finance and Bert Francis, Assistant Vice President for Debt Management and University Treasurer presented the 2024-2025 operating budget for the Housing Auxiliary Facility for approval. Trustee Christy made a motion to recommend approval of the housing operating budget. Trustee Altizer seconded the motion. The motion was unanimously approved.

DISCUSSION

DISC – 1 Draft University Audited Financial Statements Report

Hector, Senior Vice President for Administration and Finance and Danta White, Senior Assistant Vice President for Financial Affairs and University Controller presented the draft audited financial statements report for discussion.

DISC – 2 Internal Bank

Hector facilitated a generative discussion with the committee on the establishment of an internal bank at the university for the purposes of making short-term loans to projects as bridge funding vehicles to keep projects on schedule.

DISC – 3 SPIA Balances and Short-Term Investments

Hector and Francis led the committee in a discussion on the university's cash management protocols which will allow the university to move funds from the Special Purpose Investment Account (SPIA) to the BNY Mellon account to garner additional passive income.

INFORMATION

Two information items were included in the committee's meeting materials: 1) University Investment Report – 2nd Quarter, Ended December 31, 2023, and 2) 2023-2024 Fixed Capital Outlay Budget Update as of December 31, 2023.

NEW BUSINESS

The committee had no new business to discuss.

ADJOURNMENT

Chair Mills adjourned the Budget and Finance Committee meeting at 1:14 p.m.

Reviewed by:

Alex Martins Date
Chair, UCF Board of Trustees

Respectfully submitted:

Michael A. Kilbride Date
Associate Corporate Secretary

Board of Trustees

Budget and Finance Committee

June 24, 2024

Agenda Item

BUDC-1: Preliminary 2024-2025 University Operating Budget and Spending Authority

Proposed Board Action

The Budget and Finance Committee is asked to recommend to the Board of Trustees, on its non-consent agenda, approval of the proposed 2024-2025 University operating budget and spending authority.

Authority for Board of Trustees Action

BOG Regulation 9.007 State University Operating Budgets and Requests

Supporting Documentation Included
Attachment A: 2024-2025 University of Central Florida Spending Authority
Facilitators/Presenters
Gerald Hector, Senior Vice President for Administration and Finance Kim Banks, Senior Assistant Vice President for Budget Planning and Analysis

2024-2025 Preliminary University Operating Budget and Spend Authority

EXECUTIVE SUMMARY

Objective

The Budget and Finance Committee is being asked to review and recommend approval of the proposed 2024-2025 University Operating Budget and Spend Authority.

Summary of Key Observations/Recommendations

Below are the key components of FY2025 operating budget document that should be understood as the schedule and the corresponding notes are reviewed:

1. The proposed FY2025 operating budget was prepared using the Responsibility Center Management methodology and highlights the "Profit and Loss" statements for each college and unit at the university. Those statements are in the appendix to this narrative.

2. The Board of Governors (BOG) spending authority is presented by the various colors of money by which the university must operate for the FY2025 fiscal year. The document must be approved by vote from the Board of Trustees before being sent to the Board of Governors before June 30, 2024. The university is then bound by the limits outlined in the document, which can only be changed by the university's Board of Trustees.

3. The operating budget and the spending authority have differences that must be understood as the budget packet is reviewed. The major differences are as follows:

    a. At the request of the Board of Trustees, the operating budget includes all the Direct Support Organizations. The spending authority does not. Therefore, the operating budget total is higher than the spending authority that the Board of Trustees must take formal action.

    b. The operating budget reports totals **gross** of budgeted and mandated waivers. The spending authority is produced based on numbers **net** of budgeted and mandated waivers.

    c. Approximately **$92 million** in "Generation/(Utilization) of Fund Balances" is budgeted on this line and spans all colors of money for potential use of reserve balances to address unexpected changes during the year. This is down from **$126 million** in the prior year as the administration now has more sophisticated tools to monitor the finances of the university more holistically.

4. As of the preparation of the operating budget, the university is yet to get final totals of what our performance-based and faculty recruitment and retention funding will be. They are listed as "To Be Determined" (TBD) in the footnotes. We anticipate that those totals will be

additions versus subtractions from the amounts presented in the documents. The Board of Governors will vote on those totals at its upcoming June meeting.

5. In the current year, we utilized approximately **$35 million** of auxiliary and other fund balances to balance the budget. For FY2025, we anticipate that a budgeted total of **$4 million** will fall into this category. This need is driven by continuing work on our information technology operations. Now that the administration has more sophisticated tools in both Workday and Adaptive Planning, we anticipate that this amount will be covered.

Some key points that should be understood as the budget is reviewed are the following pressures that remain in terms of short and medium term decisions continuing from the current year for the foreseeable future.

1. Funding multiyear faculty start up commitments to attract world class faculty to the university.
2. Maintenance of buildings inside a formal maintenance program that includes (i) routine, (ii) preventative, (iii) deferred efforts to keep our buildings in top shape.
3. Information technology upgrades and other system refreshes that are necessary for an aging infrastructure.
4. Finding alternate revenues as tuition and fees have remained flat for the past twelve years. This point underscores our desire to become a preeminent institution in the SUS to make up for this reality. We have been getting excellent state support, but in many instances, they are restricted as to purpose.
5. The reimagination of space usage on campus, and how we can monetize dormant or underutilized spaces.

Additional Background

The administration has been focused on how best to match the operating budget (by color of money) to our annual cash flows. There is a need to examine the opportunity costs of not maximizing the intersection of the two to drive investments and operational performance. The question that needs to be answered is: "Is UCF maximizing its cash positions to drive transformational change"? We are adopting an Asset and Liability Matching (ALM) for cash management purposes that will impact how we budget and manage cash flows for FY2025 and beyond. The RCM model was adopted to provide the transparency necessary to understand the programmatic and administrative costs of each college and unit. To that end, the administration is attempting to capitalize on the changes made to our short-term cash management to impact the timing and needs for all twelve months of the fiscal year.

Attachment A is the current spending authority schedule that the Board of Trustees has been approving for several years. This format remains the same for the FY2025 budget submission. It has a formal request from the BOT for **$2.3 billion** in spending authority. The budget will be balanced to this total.

Rationale

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

Implementation Plan

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

Resource Considerations

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

Conclusion

Staff recommends approval of the 2024-2025 Preliminary University Operating Budget and Spend Authority. Without the BOT's approval, the university's ability to submit a Board of Trustees approved budget to the Board of Governors will be missed, and our operations to commence spending on July 1, 2024 will also be impacted.

University of Central Florida

Preliminary Spending Authority
Fiscal Year 2024-25

	FY 2023-24 Spending Authority	FY 2024-25 Spending Authority	Increase/ (Decrease)	% Change
E&G Main	$ 727,285,128	$ 753,682,952	$ 26,397,824	3.6%
E&G College of Medicine	48,630,720	48,630,715	(5)	0.0%
E&G Florida Center for Students with Unique Abilities	8,984,565	12,484,565	3,500,000	39.0%
E&G Community Schools Program	11,000,000	20,116,736	9,116,736	82.9%
Contracts and Grants	265,616,148	279,832,264	14,216,116	5.4%
Auxiliaries	392,383,971	437,097,628	44,713,657	11.4%
Local Funds		-		
Student Activities	29,740,532	32,049,806	2,309,274	7.8%
Student Financial Aid	552,356,512	550,837,904	(1,518,608)	-0.3%
Concessions	800,000	800,000	-	0.0%
Intercollegiate Athletics	80,480,046	80,588,652	108,606	0.1%
Technology Fee	18,910,326	12,329,688	(6,580,638)	-34.8%
Self-Insurance Plan	630,183	644,791	14,608	2.3%
Faculty Practice Plan*	12,915,987	50,064,408	37,148,421	287.6%
Total Uses of Resources	**$ 2,149,734,118**	**$ 2,279,160,109**	**$ 129,425,991**	**6.0%**

***Faculty Practice Plan** - The $37m increase in spending authority is primarily related to transfers to the College of Medicine for new expenses for the participation in the Medicaid Supplemental Payment program, as well as facility renovation expenses.

Board of Trustees

Budget and Finance Committee

June 24, 2024

Agenda Item

BUDC-2: 2024-2025 Proposed Direct Support Organizations and Related Entity Operating Budgets

Proposed Board Action

The Budget and Finance Committee is asked to recommend to the Board of Trustees, on its non-consent agenda, approval of the proposed 2024-2025 Direct Support Organizations and Related Entity Operating Budgets.

Authority for Board of Trustees Action

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

Supporting Documentation Included
Attachment A: UCF Academic Health, Inc. Attachment B: UCF Athletics Association, Inc. Attachment C: UCF Convocation Corporation Attachment D: UCF Finance Corporation Attachment E: UCF Foundation, Inc. Attachment F: UCF Research Foundation, Inc. Attachment G: UCF Stadium Corporation Attachment H: Central Florda Clinical Practice Organization, Inc.
Facilitators/Presenters
Gerald Hector, Senior Vice President for Administration and Finance Christy Tant, Assistant Vice President for DSO Accounting and Reporting

2024-2025 Proposed Direct Support Organizations and Related Entity Operating Budgets

EXECUTIVE SUMMARY

Objective

The Budget and Finance Committee is being asked to review and recommend approval of the proposed 2024-2025 Direct Support Organizations and Related Entity Operating Budgets.

Summary of Key Discussion Topics and Questions

All of the university's DSOs are planning to break even or generate a small surplus next fiscal year, except for UCF Central Florida Clinical Practice Organization and UCF Academic Health. Those two organizations are planning to draw from their operating cash reserves while maintaining a projected balance of at least $1 million at the end of FY2024-2025.

The proposed budgets attached to this agenda item include narratives with important details. The more significant items are highlighted below.

- The UCF Board of Trustees approved the Stadium Tower Expansion Project and related financing plan including the issuance of $88.6 million of new debt on March 25, 2024. The proposed budget for **UCF Stadium Corporation (UCFSC)** reflects the first estimated $10 million annual allocation of Tourist Development Tax revenues recently awarded from Orange County, $1.5 million of debt service costs related to the issuance of new debt, and the funding of a $10 million debt issuance reserve.
- The proposed budget for **UCF Athletics Association (UCFAA)** reflects UCF's second year in the Big 12 Conference**.** This budget includes a $2.2 million increase in compensation expense for post-season performance bonuses, contract escalators for coaches, and the impact of changes in the Fair Labor Standards Act (FLSA) minimum exempt salary levels. It also includes a $1.5 million decrease in the distributions received from UCFSC resulting from the plan to issue new debt to fund the Stadium Tower Expansion project. This will be offset by a $2.2 million decrease in debt service costs, primarily due to a reduction in the scheduled American Athletic Conference (AAC) exit fee payment. To further balance the budget, UCFAA's third consecutive annual contribution to its operating reserve has been reduced from $2.5 million to $0.1 million. However, it plans to maintain $5.3 million in operating cash reserves through next fiscal year and resume annual contributions of $2.5 million in FY2025-2026 until $10.0 million is accumulated. Additionally, distributions received from UCFSC have the potential to exceed the amount conservatively budgeted based on the proforma financials that were used to plan for the new debt issuance. It is also worth noting that UCFAA's budget satisfies the travel, equipment, and recruitment needs of its sport teams but does not represent all of the funding requested by them. The lack of revenue to fully fund operational aspirations will require budget discipline by cost center managers.

- **UCF Convocation Corporation (UCFCC)** is planning to use two consecutive years of housing rate increases to invest in deferred maintenance reserves for the four student residence halls (Towers Knights Plaza), convocation center (Addition Financial Arena and The Venue), surrounding retail space (Knights Plaza), and adjacent parking that it operates. Planned increases totaling $1.3 million will bring total Repair and Replacement (R&R) contributions to $2.4 million next fiscal year. A 10-year Facilities Condition Assessment (FCA) study performed during FY2022-2023 indicated that the corporation's annual contributions to its capital reserves should average $4.5 million annually. Historical contributions and expenditures have been significantly less than indicated by the FCA study. UCFCC's ability to generate revenues from other sources and invest at this level is limited. Management will need to continue to manage costs and evaluate the criticality of repairs to infrastructure and execute deferred maintenance plans as funds are available.
- **UCF Foundation (UCFF)** is planning for a $6.0 million increase, including a draw from reserves, of Capital Projects Finance Authority (CAPFA) Funding which is revenue generated from a land lease agreement with a student housing project, Knights Circle. This will fund increases in personnel costs reflecting the full impact of 40 staff members including development officers, engagement officers, and donor relations staff who were onboarded during FY2023-2024; eight new positions to further enhance donor events and experiences, alumni engagement and leadership annual giving, and communications; and other inflationary cost increases.
- **UCF Research Foundation (UCFRFD)** is projecting a $2.2 million, or 10%, increase in both revenue and spending on contracts and grants. This will also generate $1.0 million of additional indirect revenues to fund the full impact of positions that were added late in FY2023-2024.
- **UCF Central Florida Clinical Practice Organization (CFCPO)** is anticipating significant growth in both patient care and non-operating revenue totaling $6.0 million as a result of expanding its operations through partnerships and the recruitment of four new faculty physicians. These new revenue streams will fund recurring personnel cost increases and increased payments to the Medicaid Supplemental Payment program. This plan is supplemented with approximately $14.6 million of cash reserves to fund one-time investments including start-up costs for four new faculty, the renovation of space at Lake Nona Cancer Center and UCF Health, student scholarships, and other research and educational initiatives of the College of Medicine.

Additional Background

Refer to the narratives included with the attached proposed budgets for a description of the respective DSO's operations and significant related party transactions.

Rationale

This report is intended to support the board's assessment and approval of the organizations' financial plans for the next fiscal year.

Implementation Plan

The proposed budgets were previously approved by the respective DSO boards of directors prior to being presented to the university board of trustees for approval.

Resource Considerations

Refer to the narratives included with the attached proposed budgets for a description of the respective DSO's financial resources and debt holdings.

Conclusion

Staff recommends approval of the 2024-2025 Proposed Direct Support Organization and Related Entity Operating Budgets.

UCF ACADEMIC HEALTH, INC.
PROPOSED OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

	2024-25 PROPOSED BUDGET	2023-24 APPROVED BUDGET	2023-24 PROJECTED ACTUALS	YOY Fav (Unfav) Variance
Funding Sources	$	$	$	$
Commercial Lease Revenue[1]	3,005,108	2,612,552	3,145,595	(140,487)
Total Funding Sources	**3,005,108**	**2,612,552**	**3,145,595**	**(140,487)**
Funding Uses				
Professional Services[2]	38,381	36,600	29,760	(8,621)
Facility Expense[3]	2,616,016	2,548,492	2,591,897	(24,119)
Information Technology	2,500	2,500	2,630	130
Other Expense[4]	327,755	24,960	465,410	137,655
Total Funding Uses	**2,984,652**	**2,612,552**	**3,089,697**	**105,045**
Sources Less Uses	**20,456**	**-**	**55,898**	**(35,442)**

[1] UCF Academic Health, Inc (UCFAH) receives sub-lease revenue from lease arrangements with clinical partners in the UCF Lake Nona Cancer Center. Each lease contains a 3% annual rent & CAM escalation clause. Lease revenue for fiscal year 2025 is budgeted to be lower than fiscal year 2024 projection due to the expected termination of two short-term leases. The decrease in lease revenue is partially offset by added ad valorem taxes for 2023 paid by clinical tenants.

[2] The Professional Services budget includes financial audit and legal fees. The increase is the result of higher audit fees for the new fiscal year 2025 agreement.

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

[4] UCFAH's clinical tenants may be subject to ad valorem taxes by Orange County beginning January 1, 2023. Orange County is still completing their assessment. In anticipation of receiving this assessment, UCFAH has accrued twelve months of ad valorem taxes for fiscal year 2024 and six months for fiscal year 2023. Ad valorem taxes are billable to the clinical partners. The budget for fiscal year 2025 includes ad valorem taxes.

UCF Academic Health, Inc. (UCFAH)

Summary of Key Observations/Recommendations

- The proposed budget reflects lease revenue from current clinical lease arrangements. Each lease includes a 3% annual escalation for both base rent and CAM. Two short-term leases are set to expire in the fall partially offsetting the increases in the remaining leases.
- UCFAH is evaluating if space occupied by the private clinical partners may be subject to ad valorem taxes by Orange County beginning January 1, 2023. In anticipation of receiving this assessment, UCFAH has accrued twelve months of ad valorem taxes for fiscal year 2024 and six months of fiscal year 2023. This expense is billable to the private partners as specified in the leases. The budget for fiscal year 2025 is lower than the current year forecast since it includes only twelve months of ad valorem taxes for both lease revenue and other expenses.
- The remaining budget includes rent and Common Area Maintenance (CAM) payable to UCF and UCFAH operations expense. The UCFAH operating expense budget covers consulting, the annual financial audit, and software expense, as well as officer and general liability insurance.

Additional Background

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

Resource Considerations

The projected cash reserves at the end of FY2023-2024 is $1.1 million. These cash reserves along with the revenue from long-term lease arrangements are more than sufficient to meet all obligations. With annual escalations built into the current leases, annual lease revenue alone will begin to meet those obligations in FY2024-2025. Cash reserves are not expected to decrease below $1 million.

UCF ATHLETICS ASSOCIATION
PROPOSED OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

	2024-25 PROPOSED BUDGET	2023-24 APPROVED BUDGET	2023-24 PROJECTED ACTUALS	YOY Fav (Unfav) Variance
Funding Sources	$	$	$	$
Student athletic fees	23,488,923	22,913,747	23,208,598	280,325
Ticket sales and ticket related transactions	16,270,825	14,708,082	16,239,351	31,474
Philanthropic donations for operations	4,404,055	3,550,000	5,338,610	(934,555)
Game guarantees received	1,013,000	276,670	280,270	732,730
Sponsorships	12,616,667	12,286,667	12,408,880	207,787
Philanthropic donations for capital projects	1,820,209	2,379,550	1,248,306	571,902
NCAA/ conference distributions	20,291,489	20,818,337	19,950,319	341,170
Other athletic revenues	2,372,900	1,822,139	2,975,222	(602,322)
Scholarship support from university	11,463,000	9,463,000	11,463,000	-
Revenue received from Stadium Corp transfer	3,061,611	4,221,050	4,513,975	(1,452,364)
Total Funding Sources	**96,802,678**	**92,439,242**	**97,626,531**	**(823,853)**
Funding Uses				
Scholarships	12,147,766	11,500,948	12,075,995	(71,771)
Employee compensation	37,403,496	35,688,697	35,224,744	(2,178,753)
Sport operations	13,894,000	9,862,269	13,840,876	(53,124)
Support operations	20,053,720	15,793,537	19,216,341	(837,379)
Game guarantee expense	1,950,000	1,935,000	2,057,056	107,056
Non-recurring operations	1,500,000	2,433,000	1,900,000	400,000
Guaranteed royalty and rent to Stadium Corp	4,121,000	4,121,000	4,096,000	(25,000)
Capital transfer to university	1,820,209	-	660,000	(1,160,209)
Retained Earnings for Liquidity (Reserve)	100,000	2,500,000	2,500,000	2,400,000
Total Funding Uses	**92,990,191**	**83,834,451**	**91,571,012**	**(1,419,179)**
Non-operating Sources/ (Uses)				
Interest earnings	-	-	240,600	(240,600)
Debt service	(3,773,717)	(8,379,859)	(5,992,561)	2,218,844
Total Non-operating Sources/ (Uses)	**(3,773,717)**	**(8,379,859)**	**(5,751,961)**	**1,978,244**
Sources Less Uses	**38,770**	**224,932**	**303,558**	**(264,787)**

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

Ticket Sales transferred to Stadium Corporation	(4,947,784)
Excess revenues returned to the Association	8,009,395
Net transfers in (out)	3,061,611

Debt Service Summary	Annual Debt Service Fiscal Year 2025			Outstanding Principal	
	Principal	Interest	Total	As of 6/30/24	As of 6/30/25
Fifth Third - Line of Credit	345,000	225,500	570,500	4,125,000	3,780,000
Regions - Construction Note (Roth Athletic Center)	1,155,000	11,550	1,166,550	1,155,000	-
UCF Foundation - Line of Credit	-	270,000	270,000	9,000,000	9,000,000
UCF - Loan	1,041,650	58,350	1,100,000	3,552,537	2,510,887
AAC Exit Fee Payable	666,667	-	666,667	8,000,000	7,333,333
Total	**3,208,317**	**565,400**	**3,773,717**	**25,832,537**	**22,624,220**

UCF Athletics Association, Inc. (UCFAA)

Summary of Key Observations/Recommendations

The proposed budget reflects UCF's second year in the Big 12 Conference.

Funding sources assumptions include:

- Ticket sales and ticket-related transactions are budgeted to match the current year's projected actuals. Football season ticket renewals match last year's pace, a year in which sales were at an all-time high. The 2024 football season includes one additional home game which has a marginal impact on the overall budget since the maximum number of season tickets have already been sold. Men's basketball ticket revenue is budgeted slightly less than the current year's actuals with the same number of home games as the first year due to a favorable home schedule during UCF's first year in the Big 12 conference coupled with uncertainty of opponents in the second year. There is a risk of team performance impacting revenues when budgeting for maximum capacity.
- Philanthropic donations for operations include the addition of parking related transactions matching the current year's projected actuals. There is a balance between donations needed for operations and donations for Name, Image, Likeness (NIL)/Kingdom.
- Game guarantees received reflects contracted agreements primarily for football with the road game at the University of Florida as the primary revenue driver.
- Conference distributions are slightly lower than FY2023-2024 due to the one-time deposit return of $2.5 million partially offset by the base allocation increasing from $18 million to $19 million.
- Other athletics' revenues are budgeted less than the current year projected actuals due to the uncertainty of hosting some special events. For example, UCFAA does not anticipate hosting the Cure Bowl and has not budgeted for the associated revenue in FY2024-2025.
- The revenue received from the Stadium Corporation matches the Stadium Corporation proforma submitted for approval of the new debt issuance. This has the potential to exceed budget, but consistency in these materials was maintained.

Funding uses assumptions include:

- Scholarships are budgeted to exceed funding sources. The increase in housing rates is the primary escalator.
- Employee compensation is projected to be under budget in the current year primarily due to the lack of earned bonus compensation for sports. The proposed budget includes built-in contract escalators for coaches as well as an increase in the Fair Labor Standards Act (FLSA) minimum exempt salary to $44,000. This budget does not include resources for the January 1,

2025, rate change to $58,656. It is anticipated this second escalator will be legally challenged but if upheld, midyear budget cuts may be necessary as well as a reclassification of many existing employees. The financial impact of this change has already been calculated and a recommendation to executive leadership for position-by-position designation changes has been developed.

- The proposed budget for sport operations meets the travel, equipment, and recruiting needs of the sport teams but does not represent all of the funding requested. The lack of revenue to fully fund operational aspirations restricts this category. Disciplined budget adherence will be necessary as well as cost center managers scrutinizing the expenses they authorize.
- Capital transfers to the university represents an estimate of the amount of philanthropic donations for capital projects that will be transferred to fund university capital projects and is primarily related to the football campus project. This is simply an estimate with a wide range of variability possible. Both sources and uses move in the same direction on these transactions.
- UCFAA contributed $2.5 million plus interest to operating reserve accounts in each of the last two fiscal years. Currently, there is a cash balance of approximately $5.26 million being held. A contribution of $100,000 is anticipated in FY2024-2025, but annual contributions of $2.5 million are anticipated to resume in FY2025-2026.
- Principal and interest represent scheduled debt service payments. The Roth Athletics Center final payment will occur in September 2024 concluding this debt. Continued payments on the Fifth Third Line of Credit, the UCF Loan, and American Athletics Conference exit fees are budgeted.

The landscape of the National Collegiate Athletics Association (NCAA) Division I athletics business model is in constant flux unlike any other time in the history of the industry. New litigation and legislation are introduced on a seemingly weekly basis that have significant impacts on the UCFAA financial model. The proposed FY2024-2025 budget does not include provisions for revenue sharing, student-athletes as employees, unlimited scholarship funding for all students on a roster, extreme changes in current NIL parameters, etc. All Big 12 correspondence on these topics remain philosophical at the Director of Athletics level only but early indications expect a significant impact in FY2025-2026.

UCFAA is favorably positioned to face these challenges as the organization transitions to full-share Big 12 membership. Full share members are receiving $34.8 million in conference distributions this year as opposed to the $18 million currently received. This additional $16.8 million in FY2025-2026 is earmarked for increases in operational costs as well as a minimum $10 million placeholder for revenue share/additional costs associated with the new NCAA model. Financial discipline will be required to limit controllable decisions of future resources that may need preservation for the impending transformational changes to the NCAA.

In conclusion, UCFAA's financial position has significantly reversed its course in a short amount of time. Just over two years ago, the athletics department had no gift money accumulated in the Foundation, no operating reserve, and insufficient cash on hand to support operations. Today, the Association has approximately $7.1 million in fundraised dollars in the Foundation, over $5 million in operating reserve accounts, and sufficient cash on hand to process all expenditures in a timely fashion. The financial health of the department has improved considerably in an uncertain and evolving NCAA landscape with pressures from NIL and revenue sharing.

Additional Background

UCFAA operates the university's intercollegiate athletic programs and joined the Big 12 Conference on July 1, 2023. The Association does not fund a repair and replacement reserve, but its leadership committed to building a $10.0 million operating reserve by retaining $2.5 million of surplus operating funds for five years beginning in FY2022-2023.

The Association's debt matures on dates that range from September 2024 to July 2033. This includes a note payable to the university, line of credit payable to UCF Foundation, and construction-related debt owed to third parties. In addition, the Association is required to remit annual exit fee payments to the American Athletic Conference through FY2035-2036.

The Association receives athletic fees assessed to students by the university ($23.5 million) as well as non-cash support provided by the university to fund athletic scholarships ($11.5 million) and Title IX compensation and benefits for coaches of women's sports ($0.9 million). It also receives an allocation from the university's exclusive beverage provider contract ($0.6 million) and licensing fees associated with the sale of apparel and other merchandise from the university's bookstore contract ($0.7 million). The Association pays the university an annual overhead fee of $100,000. It is closely related with and acts in good faith as "manager" of UCF Stadium Corporation and for the arena operations of UCF Convocation Corporation.

UCF Stadium Corporation holds debt related to the construction of the university's football stadium. Premium seating revenues, concessions and pledged revenue transfers from UCF Athletics Association are more than sufficient to fund the corporation's operational expenses, debt service payments, and repair and replacement reserves. Once the debt service requirements are fulfilled, any unrestricted excess revenues are transferred back to UCF Athletics Association who depends on the receipt of these funds to maintain its operations.

The UCF Board of Trustees approved the Stadium Tower Expansion Project and related financing plan including the issuance of $88.6 million of new debt on March 25, 2024.

Pledged revenue transfers to UCF Stadium Corporation include football ticket sales, stadium rent ($2.1 million), and guaranteed royalty payments ($2.0 million). The Association also pays guaranteed royalty payments ($1.0 million) and arena overhead ($0.5 million) to UCF Convocation Corporation.

Resource Considerations

Approximately $7.1 million was held by UCF Foundation on behalf of UCF Athletics Association as of March 31, 2024. That balance is expected to drop significantly due to year-end budget balancing.

The Association has $5.0 million plus interest in operating reserve accounts. It is important to note that the reserve may be utilized if the trend of operational expenditures exceeding sources continues.

The outstanding debt balance will decrease from $25.8 million for the year ending June 30, 2024, to $22.6 million for the year ending June 30, 2025, without additional modifications.

Attachment C

UCF CONVOCATION CORPORATION
PROPOSED OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

	2024-25 PROPOSED BUDGET	2023-24 APPROVED BUDGET	2023-24 PROJECTED ACTUALS	YOY Fav (Unfav) Variance
Housing Operations	$	$	$	$
Funding Sources				
Apartment Rental	19,413,642	18,139,852	18,812,513	601,129
Miscellaneous Rental Fees and Revenue	400,000	350,000	433,296	(33,296)
Parking Revenue	1,036,388	1,036,388	1,036,388	-
Total Funding Sources	20,850,030	19,526,240	20,282,197	567,833
Funding Uses				
Housing Operating Expenses	2,171,784	2,069,518	1,910,475	(261,309)
Housing Maintenance and Custodial	1,896,104	1,871,692	1,968,427	72,323
Housing Utilities	1,941,909	1,834,031	1,889,196	(52,713)
Total Funding Uses	6,009,797	5,775,241	5,768,098	(169,376)
Non-operating Sources/ (Uses)				
Interest Earnings	175,000	165,000	235,149	(60,149)
Housing Debt Service	(7,735,493)	(7,728,483)	(7,728,483)	(7,010)
Housing R&R Reserve Contributions	(700,000)	(600,000)	(600,000)	(100,000)
Parking R&R Reserve Contributions	(250,000)	(50,000)	(50,000)	(200,000)
Total Non-Operating Revenue/Expenses	(8,510,493)	(8,213,483)	(8,143,334)	(367,159)
Housing Operations - Sources Less Uses	**6,329,740**	**5,537,516**	**6,370,765**	**(41,025)**
Retail Operations				
Funding Sources				
Total Operating Revenues	1,995,835	1,962,899	2,003,856	(8,021)
Funding Uses				
Retail Operating Expenses	339,796	317,861	369,396	29,600
Retail Utilities	251,741	242,574	234,171	(17,570)
Total Funding Uses	591,537	560,435	603,567	12,030
Retail Operations - Sources Less Uses	**1,404,298**	**1,402,464**	**1,400,289**	**4,009**
Arena Operations				
Funding Sources				
Arena Event Revenue	8,680,204	7,971,017	8,595,304	84,900
Arena Priority Use - University	2,200,000	2,200,000	2,200,000	-
Coke Sponsorship - University	125,000	-	125,000	-
Arena Rent - UCFAA	535,000	535,000	535,000	-
Guaranteed Royalty - UCFAA	1,060,904	1,050,000	1,050,000	10,904
Total Funding Sources	12,601,108	11,756,017	12,505,304	95,804
Funding Uses				
Arena Event Expenses	8,910,752	8,313,123	8,255,783	(654,970)
Arena Maintenance and Custodial	1,359,334	1,325,830	1,054,837	(304,497)
Arena Utilities	1,609,032	1,398,996	1,553,139	(55,893)
Total Funding Uses	11,879,118	11,037,949	10,863,759	(1,015,359)
Non-operating Sources/ (Uses)				
Transfers to UCF	-	(246,300)	(246,300)	246,300
Interest Earnings	175,000	15,000	257,360	(82,360)
Arena Debt Service	(6,014,438)	(6,014,030)	(6,014,030)	(408)
Arena R&R Reserve Contributions	(1,500,000)	(500,000)	(500,000)	(1,000,000)
Total Non-Operating Revenue/Expenses	(7,339,438)	(6,745,330)	(6,502,970)	(836,468)
Arena Operations - Sources Less Uses	**(6,617,448)**	**(6,027,262)**	**(4,861,425)**	**(1,756,023)**
Sources Less Uses	**1,116,591**	**912,718**	**2,909,629**	**(1,793,038)**

Debt Service Summary	Annual Debt Service Fiscal Year 2025			Outstanding Principal	
	Principal	Interest	Total	As of 6/30/24	As of 6/30/25
Housing debt service	5,685,000	2,050,493	7,735,493	75,555,000	69,870,000
Arena debt service	3,755,000	2,259,438	6,014,438	56,820,000	53,065,000
Total	**9,440,000**	**4,309,930**	**13,749,930**	**132,375,000**	**122,935,000**

R&R Reserve Summary	R&R Reserve Held at Trustee [1]				R&R Reserve Available for Use			
	Projected as of 7/01/24	Housing and Parking Contributions	Transfers to Corp.	Projected as of 6/30/25	Projected as of 7/01/24	Transfers from Trust and Arena	Budgeted Expenditures	Projected as of 6/30/25
Housing	2,358,390	700,000	(1,960,000)	1,098,390	1,149,109	1,960,000	(1,960,000)	1,149,109
Arena	-	-	-	-	1,330,501	1,500,000	(2,170,000)	660,501
Parking	78,673	250,000	-	328,673	330,700	-	-	330,700
Total	**2,437,063**	**950,000**	**(1,960,000)**	**1,427,063**	**2,810,310**	**3,460,000**	**(4,130,000)**	**2,140,310**

UCF CONVOCATION CORPORATION
PROPOSED ANNUAL BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

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

Operating Reserve Summary

	Operating Reserve for Critical Needs			
	Projected as of 7/01/24	**Contributions**	**Budgeted Expenditures**	**Projected as of 6/30/25**
University-managed projects	3,648,459	-	(3,300,792)	347,667
Arena-managed projects	175,237	-	(175,237)	-
Unallocated	61,303	-	-	61,303
Total	**3,884,999**	**-**	**(3,476,029)**	**408,970**

UCF Convocation Corporation (UCFCC)

Summary of Key Observations/Recommendations

Housing Operations:

Housing operations are projected to generate a surplus of $6.3 million in FY2023-2024. Historically annual surpluses generated by the Housing and Retail operations fund the Repair and Replacement (R&R) and debt service obligations for the entire organization. The Arena does not generate surpluses in its operations; therefore, the surpluses generated in Housing and Retail operations covers their portion as well. The $0.6 million increase in apartment rental revenues is due to a 4% rate increase at 98% occupancy for Fall and Spring and 93% occupancy for Summer. There is a slight decrease in Miscellaneous Rental Fees and Revenues which is factoring once off rentals for budget purposes.

The $0.3 million increase in housing operating expenses assumes that projected savings in operating expenses will not reoccur next fiscal year. Increases in R&R contributions are being funded by FY2023-2024 and FY2024-2025 housing rate increases. Further information about contributions to the R&R reserves is included in the section below.

Retail Operations:

Retail operations are projected to generate a surplus of $1.4 million in FY2024-2025 which is materially consistent with the FY2023-2024 budget and projected actuals. Budgeted revenues are based on the current occupancy rate.

Arena Operations:

Arena operations are projected to generate a deficit of $6.6 million in FY2024-2025. The projected deficit is higher than the current year's actuals by approximately $1.7 million or 34.7%. This is less favorable than the $4.8 million projected deficit for FY2023-2024 primarily due to increases in arena event expenses ($0.7 million) and maintenance and custodial expenses ($0.3 million), as well as a significant increase in the R&R contribution ($1.0 million) which is being funded by the 2024 and 2025 housing rate increases. Further information about contributions to the R&R reserves is included in the section below. The arena's projected deficit will be funded by the projected surplus generated from the housing and retail operations.

The immaterial increase in arena event revenue ($0.1 million) relative to the $0.7 million increase in arena event expenses is primarily due to the projected number and mix of event types. FY2023-2024 was a record year due to a small number of concerts with a high level of success resulting from the community's excitement about the promoter and these types of events in this post-Covid era. Concerts tend to generate higher concession revenue due to alcohol sales, as well as higher Ticketmaster rebates and other ancillary revenue. While there is an increased number of events in the FY2024-2025 budget, the mix of event types is less heavily weighted on concerts. Arena event revenue is expected to remain materially consistent with the current year but includes increases in ticket and facility rental revenue ($0.7 million) with offsetting decreases in concessions ($0.2 million), Ticketmaster rebates ($0.3 million), and other ancillary revenues ($0.1 million). Arena event revenues were budgeted using the facilities' current calendar holds and historical information as a base. Achieving revenue goals will depend largely on navigating challenges with availability and continued strength in concert bookings, which account for the majority of event income (45%) and is also the most volatile area due to external factors. Concessions, ticket fees, and parking revenues are in line with peer venues and do not provide immediate growth areas.

The $0.7 million unfavorable variance in arena event expenses reflects increases for event production ($0.7 million) which correlates to the increase in ticket and facility rental revenue noted above, plus an increase in salaries ($0.1 million) offset by a decrease in management fees ($0.1 million). Rate increases by service providers are anticipated as staff have already been notified by vendors to continue to expect higher costs. The Florida minimum wage will also increase by $1.00 in September following the schedule that will have it at $15 per hour by 2026. The increase in salaries is largely being driven by six managers whose salaries will be adjusted to comply with the updated FLSA exemption rules.

The $0.3 million unfavorable variance in arena maintenance and custodial expenses is primarily due to non-recurring salary savings ($0.2 million) that occurred in 2024 due to four to five vacant positions.

The $0.2 million favorable variance in transfers to UCF is resulting from the arena scoreboard payments being paid in full before next fiscal year.

R&R and Operating Reserves:

Increases in the annual contributions to the R&R reserves are based on the amount of funding available from operations and the needs and priorities established by management. However, continued increases are needed in future years to fully fund the annual deferred maintenance needs of the corporation. The university conducted a Facilities Conditions Assessment for all its buildings. Deferred maintenance needs were identified for the corporation that amounts to approximately $4.5 million annually. Considering that funding cannot take place at that level each year, the increase in the FY2024-2025 budget for deferred maintenance needs were prioritized by greatest need. The residuals from annual operations are critical for this work to be completed each year. The budgeted contribution to the housing and parking R&R reserves complies with minimum funding requirements. Refer to Attachment B for a list of planned projects to be funded from the R&R reserves in FY2024-2025.

The use of non-recurring operating reserves generated from revenue recovery from the Department of Education's Higher Education Emergency Relief Fund (HEERF) program, and other capex funds received during FY2022-2023 to fund $11.8 million will continue in FY2024-2025. These projects were approved by the board in a special meeting held on April 27, 2023. These funds are managed by the UCF Facilities and UCF Athletic Association teams. Refer to Attachment C for a list of projects to be funded from this non-recurring operating reserve in FY2024-2025.

Additional Background

UCFCC operates four student residence halls (Towers Knights Plaza), the convocation center (Addition Financial Arena and The Venue), surrounding retail space (Knights Plaza), and adjacent parking. UCFCC's operations yield sufficient revenues to fund its operating expenses, debt service payments, and repair and replacement reserves. The corporation's original financing model planned a surplus to be generated by its housing operations to fund both the housing and arena debt service payments. Revenue increases need to be generated to fund repair and replacement reserves at levels adequate to maintain the corporation's facilities long-term.

UCFCC's debt matures on dates that range from October 2026 to October 2035 with semi-annual debt service payments due in October and April. It is secured by revenues generated from housing operations, arena operations, and commercial retail rental income. With each debt refunding the corporation entered into separate support agreements whereby the university is obligated to the extent that is has legally available revenues to cover any deficiencies.

UCFCC receives rent from the university for its priority use of the arena ($2.2 million), the corporation's managed parking garages ($1.0 million), and retail space ($1.2 million), as well as an allocation from the university's exclusive beverage provider contract ($0.1 million). The corporation pays the university for managed services related to housing and facilities operations in addition to an annual overhead fee of $100,000. The corporation also receives guaranteed royalty payments ($1.0 million) and arena overhead ($0.5 million) from UCF Athletics Association.

Resource Considerations

Funding sources less uses are anticipated to be sufficient to fund the corporation's debt service obligations and operating costs for the year.

A summary of projected R&R reserves is presented at the bottom of the report.

The outstanding debt balance will decrease from $132.4 million for the year ending June 30, 2024, to $122.9 million for the year ending June 30, 2025.

UCF FINANCE CORPORATION
PROPOSED OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

	2024-25 PROPOSED BUDGET	2023-24 APPROVED BUDGET	2023-24 PROJECTED ACTUALS	YOY Fav (Unfav) Variance
Funding Sources	$	$	$	$
Transfers from University	3,968,724	4,006,756	3,961,756	6,968
Interest Earnings	45,000	5,000	50,000	(5,000)
Total Funding Sources	**4,013,724**	**4,011,756**	**4,011,756**	**1,968**
Funding Uses				
Debt Service	3,988,724	3,988,136	3,988,136	(588)
Operating Expenses	25,000	23,620	23,620	(1,380)
Total Funding Uses	**4,013,724**	**4,011,756**	**4,011,756**	**(1,968)**
Sources Less Uses	**-**	**-**	**-**	**-**

Debt Service Summary	Annual Debt Service Fiscal Year 2025			Outstanding Principal	
	Principal	Interest	Total	As of 6/30/24	As of 6/30/25
Burnett Biomedical Sciences Building Loan	2,885,000	1,103,724	3,988,724	47,431,000	44,546,000
Total	**2,885,000**	**1,103,724**	**3,988,724**	**47,431,000**	**44,546,000**

UCF Finance Corporation (UCFFC)

Summary of Key Observations/Recommendations

- Transfers from the university represents rent on the Burnett Biomedical Sciences building pursuant to the 2017 amended and restated operating lease agreement and is based on annual debt service plus operating expenses less interest income.
- Interest earnings are generated from cash balances held in the university's shared account. Budget assumes interest rates and the university's allocation methodology remain materially consistent with fiscal 2024.
- Principal and interest represent scheduled debt service payments for the Burnett Biomedical Sciences building construction loan.
- Operating expenses include audit and other administrative fees. Budget assumes 5% increase in audit fees.

Additional Background

UCFFC holds debt related to the construction of the Burnett Biomedical Sciences building on the health sciences campus in Lake Nona. The university provides approximately $4.0 million of annual rent pursuant to the 2017 amended and restated operating lease agreement. This funds the corporation's operating expenses and debt service payments for the following fiscal year.

This corporation does not fund an R&R reserve.

UCFFC's debt matures in July 2037 with semi-annual debt service payments due in July and January. It is secured by the university's indirect cost revenues from federal, state, and private grants.

Resource Considerations

The corporation's restricted and unrestricted cash balance is projected to be approximately $5.5 million at June 30, 2024. This is more than sufficient to fund debt service and operating costs for the following fiscal year.

The outstanding debt balance will decline from $47.4 million for the year ending June 30, 2024, to $44.5 million for the year ending June 30, 2025.

UCF FOUNDATION, INC.
PROPOSED OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

	2024-25 PROPOSED BUDGET	2023-24 APPROVED BUDGET	2023-24 PROJECTED ACTUALS	YOY Fav (Unfav) Variance
	$	$	$	$
Funding Sources				
University Support	11,126,498	11,046,138	11,246,138	(119,640)
Total Funding from Related Organizations	**11,126,498**	**11,046,138**	**11,246,138**	**(119,640)**
Foundation operations				
Endowment assessment	4,600,000	4,200,000	4,200,000	400,000
Operating pool investment earnings draw	11,600,000	5,600,000	5,628,830	5,971,170
Current year allocation from buildings	1,300,000	1,300,000	1,300,000	-
Distribution from CAPFA funds	2,700,000	5,000,000	2,558,478	141,522
Miscellaneous revenues	870,000	893,500	674,867	195,133
Total funding from operations	**21,070,000**	**16,993,500**	**14,362,175**	**6,707,825**
Total Funding Sources	**32,196,498**	**28,039,638**	**25,608,313**	**6,588,185**
Funding Uses				
Support to University				
Office of the President	1,384,725	1,384,725	1,353,035	(31,690)
Vice Presidents' allocations	535,643	335,643	420,619	(115,024)
Other allocations to university	259,255	309,255	222,105	(37,150)
Total Support to University	**2,179,623**	**2,029,623**	**1,995,760**	**(183,863)**
Operating				
Development				
Personnel	7,968,977	6,279,456	6,120,630	(1,848,346)
Other Operating	1,465,591	1,461,197	639,842	(825,749)
Total Development	**9,434,568**	**7,740,653**	**6,760,472**	**(2,674,095)**
Alumni				
Personnel	3,668,493	2,955,836	2,530,748	(1,137,744)
Other Operating	2,687,430	2,476,928	1,619,114	(1,068,316)
Total Alumni	**6,355,923**	**5,432,764**	**4,149,863**	**(2,206,060)**
Administration				
Personnel	9,021,039	7,963,145	8,431,124	(589,915)
Other Operating	5,122,537	4,836,193	4,271,094	(851,443)
Total Administration	**14,143,576**	**12,799,338**	**12,702,219**	**(1,441,357)**
Total Operating Uses	**29,934,066**	**25,972,755**	**23,612,554**	**(6,321,513)**
Total Funding Uses	**32,113,689**	**28,002,378**	**25,608,313**	**(6,505,376)**
Sources Less Uses	**82,809**	**37,260**	**(0)**	**82,809**

UCF Foundation, Inc. (UCFF)

Summary of Key Observations/Recommendations

The University hired Rodney Grabowski as the new Senior Vice President for Advancement and Partnerships and CEO of the UCF Foundation, Inc. in FY2022-2023. Grabowski took on the task of evaluating the UCF Foundation's resources and readiness for the University's next comprehensive fundraising campaign. Included in this planning process was ensuring alignment between the University's philanthropic goals and the strategic plan, and investments in the necessary research, technology, and infrastructure needed to elevate philanthropy in support of UCF.

These investments included:

- Executing a campaign feasibility study,
- Hiring Ologie, a national marketing and communications firm, to conduct a branding and marketing assessment and refresh for the University,
- Hiring additional fundraisers and alumni engagement officers to continue building pipeline and major gift opportunities,
- Finalizing campaign policies, and
- Hiring a new CFO and an inaugural Associate Vice President for Partnerships.

This work allowed Advancement and Partnerships to solidify the "Big Idea" framework, further aligning the fundraising efforts to become a sustainable $100 million annual fundraising organization.

Considering the personnel and resources required to support this goal and to continue the necessary work required to enter the next phase of the campaign, the UCF Foundation is proposing an increase of $6.5 million to the operating budget.

Sources:

- University support reflects a slight decrease in funding of 1%.
- The endowment assessment reflects a 9% increase, reflecting growth in contributions and performance in the endowment pool.
- The Capital Projects Finance Authority (CAPFA) revenue is related to a land lease agreement with a student housing project, Knights Circle whereby surplus revenues after payment of debt service and operating expenses, flow to the UCF Foundation in the form of ground rent payments. The UCF Foundation received its first waterfall payment in 2022 after an 11-year pause as Knight's Circle mitigated the rehabilitation of their properties. Fiscal Years 2022 through 2023 reflected extra distributions related to COVID-19 revenue

holds adding to the UCF Foundation's budgets. Knight's Circle leadership presented a budget that is utilizing funds for capital improvements leading to a projected reduction in waterfall payments to the UCF Foundation. Projected waterfall payments have been reduced from $5 million annually to an average between $2 and $3 million. The UCF Foundation has reduced this budget line reflecting the expected waterfall payment from CAPFA.

- The operating draw reflects a proposed increase of $6 million primarily reflecting the use of prior year budgeted reserves from the COVID-19 release payments from the CAPFA Funding.

Uses:

- The University support reflects an increase to the budget, covering additional costs related to the Office of the President's projected expenses and increases in the Vice President's unrestricted funds.
- The UCF Foundation focused on filling budgeted positions in FY2023-2024. Understanding this would take time, the FY2024-2025 budget reflected period-based additions for personnel lines. This year the UCF Foundation restructured its operations and has onboarded over 40 staff members including development officers, engagement officers, and donor relations staff. The FY2024-2025 budget reflects the full impact of the filled positions to the personnel budget across development, alumni, and administration, while also adding eight positions to further enhancing donor events and experiences, alumni engagement and leadership annual giving, and communications.

The UCF Foundation is also continuing its efforts to expand its campaign preparation efforts while considering inflationary increases in the FY2024-2025 budget. These increases are incurred by vendor contracts and subscriptions including the EverTrue Software cost increases, email marketing tool conversion, and a refreshed database-wide wealth screening system.

Additional Background

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

The Foundation holds debt that matures on dates that range from October 2025 to July 2051. All debt is secured by building rental revenues and collateralized by the same buildings. UCF Foundation receives rental revenue from the university as well as non-cash support provided by the university to fund compensation and benefits ($11.1 million).

Resource Considerations

The budget serves as a guideline for availability of courses for funds and how those will be utilized.

UCF RESEARCH FOUNDATION INC.
PROPOSED ANNUAL BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

	2024-25 PROPOSED BUDGET	2023-24 APPROVED BUDGET	2023-24 PROJECTED ACTUALS	YOY Fav (Unfav) Variance
Funding Sources	$	$	$	$
Royalties and licensing fees	1,250,000	1,000,000	1,712,553	(462,553)
Contracts and grants [2]	21,000,000	13,600,000	18,832,975	2,167,025
Contribution and other agreements income [2]	4,000,000	3,500,000	3,885,804	114,196
Incubator Rents	350,000	350,000	357,268	(7,268)
Management fees and F&A [3]	3,500,000	1,550,000	2,422,660	1,077,340
Total Funding Sources[1]	**30,100,000**	**20,000,000**	**27,211,260**	**2,888,740**
Funding Uses				
Royalties and licensing allocations and expense	937,500	750,000	1,284,416	346,916
Contracts and grants expense [2]	21,000,000	13,600,000	18,832,975	(2,167,025)
Contribution and other agreements expense [2]	4,000,000	3,500,000	3,882,629	(117,371)
Incubator Rents	350,000	350,000	309,701	(40,299)
Other operating expenses [4]	2,000,000	1,470,098	1,207,801	(792,199)
Gap Fund [5]	250,000	250,000	207,135	(42,865)
Total Funding Uses	**28,537,500**	**19,920,098**	**25,724,657**	**(2,812,843)**
Sources Less Uses	**1,562,500**	**79,902**	**1,486,603**	**75,897**

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

[2] Contracts and grants as well as contributions and other agreement sources and uses exceeds the fiscal 2024 annualized projected actuals and the fiscal 2024 budget with a projected growth for fiscal 2025 expected to be 10%, or $2.3 million and 46%, or $7.9 million, respectfully.

[3] Management fees and F&A represent the net funds retained by the Research Foundation after necessary distributions. The fiscal 2025 proposed budget represents an 8.9% growth in net F&A dollars earned and retained which is in line with the expected increase in awards as they allow for full indirect rate of 52% to applied.

[4] Other operating expenses includes funding for research foundation payroll and operating expenses plus offset by reimbursed legal fees. The fiscal 2024 proposed budgeted amount considered the hiring of two Contracts Officers throughout the fiscal year while fiscal 2024 annualized projected actuals highlights that these positions were not filled until the third and fourth quarter of fiscal 2024. The fiscal 2025 proposed budget assumes a full year of the fiscal 2024 budgeted hires in addition to the hiring of an Accounting Manager and two Contracts & Grants Accountants throughout

[5] The 2024 Gap Fund Award Year was not be fully awarded due to the fewer number of proposals presented to this Board during fiscal 2024. The fiscal 2024 annualized actuals represent expenses associated with prior year Gap Fund Award Years that continue to be utilized for their proposed purpose. The Gap Fund program is fully budgeted in fiscal 2025 with an expectation to distribute the full amount through out the fiscal year.

UCF Research Foundation, Inc. (UCFRF)

Summary of Key Observations/Recommendations

UCFRF is currently recognizing a break-even position compared to the annualized projected actuals for this period. This positive outcome can be attributed to the ongoing funding of contracts and grants as well as contributions and other agreements, which have exceeded initial expectations. It is anticipated that this trend will continue to be a contributing factor in the upcoming fiscal year.

Overall, the UCFRF is experiencing a financial performance that is closely aligned with the projected annualized actuals numbers. This demonstrates the commitment to prudent financial management and responsible resource allocation and this sustained support allows UCFRF to further their mission and initiatives effectively.

Total funding sources encompass all awarded monies, regardless of any applicable restrictions. UCFRF recognizes revenue only when expenses are incurred in executing the respective contracts and grants, or when an enforceable promise is made. This approach to revenue recognition may sometimes lead to the appearance of budget surpassing revenue in certain line items, while in others it may result in a budget deficit to expenses, or vice versa. To emphasize these presentations may occasionally show favorable or unfavorable positions per line item when compared to the actuals. However, it is crucial to understand that these figures may not always reflect the true activity accurately. Overall, the net impact remains favorable due to the continuous receipt of additional awards and funding dollars.

- UCFRF is proposing a $14 thousand, or 1%, overall increase in revenue and expenses for fiscal 2025 as compared to fiscal 2024 annualized projected actuals. Overall, the FY2024-2025 projected budget is $1.4 million, or 100%, greater than FY2023-2024 actual budget based upon the continued growth in in contracts and grants as well as contributions and other agreements.
- Contracts and grants as well as contributions and other agreement sources and uses exceeds the FY2023-2024 annualized projected actuals and the fiscal 2024 budget with a projected growth for FY2024-2025 expected to be 10%, or $2.3 million and 46%, or $7.9 million, respectfully.
- Additionally, an 8.9% growth in net Facilities and Administrative (F&A) dollars earned and retained is in line with the expected increase in awards as they allow for full indirect rate of 52% to applied.

Other operating expenses include funding for research foundation payroll and operating expenses plus offset by reimbursed legal fees. The FY2023-2024 proposed budgeted amount considered the hiring of two Contracts Officers throughout the fiscal year while FY2023-2024 annualized projected actuals highlights that these positions were not filled until the third and fourth quarter of

FY2023-2024. The FY2024-2025 proposed budget assumes a full year of the FY2023-2024 budgeted hires in addition to the hiring of an Accounting Manager and two Contracts & Grants Accountants throughout FY2024-2025 due to sponsored research growth previously mentioned.

Additional Background

UCFRF promotes and supports the research activities of faculty, staff, and students. Its operating activities include contracts, grants, royalties, contributions, rents, conferences, unit residuals, and consortiums. UCFRF does not hold any debt.

Resource Considerations

There are no new resource considerations associated with this item.

UCF STADIUM CORPORATION
PROPOSED OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

	2024-25 PROPOSED BUDGET	2023-24 APPROVED BUDGET	2023-24 PROJECTED ACTUALS	YOY Fav (Unfav) Variance
Funding Sources	$	$	$	$
Premium seating	2,850,000	2,798,500	2,850,000	-
Concessions and catering	725,996	500,000	691,425	34,571
Merchandise sales	250,000	250,000	250,000	-
Excess revenues from beverage contract	180,000	180,000	180,000	-
Total Funding Sources	**4,005,996**	**3,728,500**	**3,971,425**	**34,571**
Funding Uses				
Services and supplies	60,000	55,000	55,000	(5,000)
Repairs and replacement (R&R) funding	250,000	250,000	250,000	-
Total Funding Uses	**310,000**	**305,000**	**305,000**	**(5,000)**
Non-operating Sources/ (Uses)				
Tourism Development Tax Revenues	10,000,000	-	-	10,000,000
Transfers from UCFAA - Ticket sales	4,947,784	4,562,250	4,803,674	144,110
Transfers from UCFAA - Stadium rent	2,121,000	2,121,000	2,121,000	-
Transfers from UCFAA - Guaranteed royalty	2,000,000	2,000,000	1,975,000	25,000
Pledges for Leadership Center	255,000	255,000	255,000	-
Interest earnings	125,000	50,000	125,000	-
Debt service	(3,621,920)	(3,628,450)	(3,628,450)	6,530
Capitalized interest - new issuance	(1,513,465)	-	-	(1,513,465)
Debt service reserve - new issuance	(10,000,000)	-	-	(10,000,000)
Transfers to UCFAA - Excess Unrestricted Revenue	(8,009,395)	(8,783,300)	(9,317,649)	1,308,254
Total Non-operating Sources/ (Uses)	**(3,695,996)**	**(3,423,500)**	**(3,666,425)**	**(29,571)**
Sources Less Uses	**-**	**-**	**-**	**-**

Debt Service Summary	Annual Debt Service Fiscal Year 2025			Outstanding Principal	
	Principal	**Interest**	**Total**	**As of 6/30/24**	**As of 6/30/25**
Tax-exempt bonds	1,560,000	953,669	2,513,669	23,755,000	22,195,000
Taxable bonds	440,000	338,185	778,185	6,880,000	6,440,000
Leadership Center	303,000	27,066	330,066	1,087,000	784,000
TDT Loan	-	813,224	813,224	-	60,865,000
New Towers Bond Series	-	700,241	700,241	-	27,755,000
Total	**2,303,000**	**2,832,385**	**5,135,385**	**31,722,000**	**118,039,000**

R&R Reserve Summary	R&R Reserve Available for Use			
	Projected as of 7/1/2024	**Contributions**	**Budgeted Expenditures**	**Projected as of 6/30/2025**
Non-recurring maintenance (R&R) Expenses	915,183	250,000	-	1,165,183
Rust remediation	-	-	-	-
Total	**915,183**	**250,000**	**-**	**1,165,183**

UCF Stadium Corporation (UCFSC)

Summary of Key Observations/Recommendations

The proposed FY2024-2025 budget reflects the first estimated $10 million annual allocation of Tourist Development Tax revenues recently awarded from Orange County, $1.5 million of debt service costs related to the issuance of new debt to fund the Stadium Tower Expansion Project, and the funding of a $10 million debt issuance reserve approved by UCF the Board of Trustees on March 28, 2024.

The proposed budget also reflects UCF's second year in the Big 12 Conference and seven home football games with a stadium at full capacity. Significant assumptions include:

- Premium seating revenue assumes no price increase but continued sales to a sold-out crowd.
- Concessions and catering revenue conservatively assume approximately $100,000 of sales per home game, plus a small increase attributed primarily to the sale of alcohol. Increases in recent years were generated by alcohol sales.
- Merchandise sales and excess revenues from beverage contract represent allocations of revenue from contracts between the university and third parties. These budgets remain unchanged; however, the exclusive beverage provider contract is currently being renegotiated.
- Services and supplies include audit and other administrative fees. Budget assumes 5% increase in audit fees.
- The annual contribution to the R&R reserve is based on management's discretion and will remain consistent with the current year at $250,000. The budget assumes UCFAA will directly cover any required repairs and allow the reserve to accumulate to approximately $1.1 million by the end of fiscal year ending June 30, 2025.
- Ticket sales assume a 3% price increase at approximately 98% of available tickets sold.
- Guaranteed royalty and stadium rent revenues are based on payment schedules pursuant to agreements with UCFAA and are sufficient to cover the corporation's existing debt service requirements in the event other pledged revenue sources fall short of expectations.
- Interest earnings are generated from cash balances held in the university's shared account. Budget assumes interest rates and the university's allocation methodology remain materially consistent with FY2023-2024.
- Principal and interest represent scheduled debt service payments for the corporation's existing debt and estimated payments for planned debt issuances. Once the debt service requirements are fulfilled, any unrestricted excess revenues are transferred to UCFAA.

- Projected revenues for fiscal year 2025 are anticipated to yield approximately $8.0 million in unrestricted excess revenues back to UCFAA that depends on the receipt of these funds to maintain day-to-day operations.

Additional Background

UCFSC holds debt related to the construction of the university's football stadium. UCFSC's debt matures on dates ranging from March 2029 to March 2036. Payments are due in September and March annually. It is secured by pledged revenues from UCF Athletics Association including gross ticket revenues, stadium rent, away game guarantees, conference distributions, and a guaranteed royalty payment. There is a support agreement whereby the University will use legally available revenues to fund deficiencies that may arise in the event the corporation is unable to make the minimum bond payments.

Resource Considerations

Pledged revenues are anticipated to be sufficient to fund the corporation's debt service obligations and operating costs for the year, leaving a surplus that will be distributed back to UCFAA. Additionally, the corporation's restricted and unrestricted cash balance is projected to be approximately $4.0 million at June 30, 2024.

The corporation will hold an R&R reserve of approximately $1.1 million.

The outstanding debt balance will increase from $31.7 million for the year ending June 30, 2024, to $118.0 million for the year ending June 30, 2025.

CENTRAL FLORIDA CLINICAL PRACTICE ORGANIZATION INC.
PROPOSED OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

	2024-25 PROPOSED BUDGET	2023-24 APPROVED BUDGET	2023-24 PROJECTED ACTUALS	YOY Fav (Unfav) Variance
Funding Sources	$	$	$	$
Patient Care Revenue[1]	11,717,524	8,962,268	9,465,672	2,251,852
Other Operating Revenue[2]	1,771,947	1,580,639	1,792,408	(20,460)
Other Non-Operating Revenue[3]	28,294,738	-	24,000,000	4,294,738
Total Funding Sources	**41,784,209**	**10,542,906**	**35,258,080**	**6,526,129**
Funding Uses				
Professional Services[4]	6,826,768	5,054,715	5,314,563	(1,512,205)
Medical Supplies, Services & Equipment[5]	3,749,928	2,962,163	3,936,348	186,420
Facility Expense [6]	2,746,268	130,140	131,032	(2,615,236)
Information Technology[7]	488,218	347,870	325,533	(162,685)
Other Expense	189,791	143,182	133,061	(56,730)
Transfers to the College of Medicine [8]	36,063,435	3,557,256	19,058,532	(17,004,903)
Total Funding Uses	**50,064,408**	**12,195,325**	**28,899,068**	**(21,165,340)**
Sources Less Uses	**(8,280,199)**	**(1,652,419)**	**6,359,012**	**(14,639,210)**

[1] Patient Care Revenue is expected to increase in FY2025 compared to FY2024 projection due to the planned recruitment of four faculty physicians and through the continued growth of patient volume associated with physicians hired in FY2024. In addition, as part of the development of the UCF Academic Health Science Center, the CFCPO will be providing various shared services and business operations support for the College of Health Professions and Sciences (CHPS) for their Rehabilitation and Wellness Programs. As such, CPHS clinical business units are now included in the financials.

[2] Other Operating Revenue is expected to remain consistent with fiscal year 2024 projections and is mostly comprised of fee-for-service revenue generated by HealthARCH and medical professional services provided to outside partners.

[3] Other Non-Operating Revenue reflects mainly revenue associated with a new affiliation agreement between the UCF College of Medicine and Nemours Children's Hospital. The nature of this agreement is described in the attached narrative. In addition, this line item includes new revenue associated with the roll-out of the UCF Health Mobile Clinic that will be supplying medical and health education services to underserved populations in the community.

[4] The increase in Professional Services Expense is due to an increase in costs associated with staff hired through the professional employer organization (PEO). This increase is due to higher benefit costs, additional staff needed to support faculty new hires, and the development of an internal nurse triage team currently being outsourced.

[5] Medical Supplies, Services, and Equipment is expected to increase with higher patient care revenue; however, the increase is offset by the elimination of outsourced triage services.

[6] The increase in budgeted facility costs is due to the expected use of $2.5 million in cash reserves for the purpose of renovating the UCF Health clinic at the East Orlando location. This renovation will increase the square footage of patient care space within the existing building and will allow for continued growth of UCF Health. Other facility related expenses are also seeing annual inflationary increases.

[7]The increase in Information Technology Expense is due to the planned purchase of hardware and licenses for new providers, the replacement of outdated computer equipment, and various projects to improve efficiencies and enhance current functionality of the electronic health records system.

[8] The majority of the budgeted transfers reflects new expenses related to the participation in the Medicaid Supplemental Payment program. In addition, this line item includes multiple one-time investments, incl. renovation of the research labs located at the UCF Lake Nona Cancer Center for Burnett School faculty researchers, funding of various other one-time research and education initiatives of the College of Medicine, as well as an increase in internal student scholarships. The one-time investments are all funded through existing cash reserves within the CFCPO.

Central Florida Clinical Practice Organization, Inc. (CFCPO)

Summary of Key Observations/Recommendations

- In FY2023-2024, the UCF College of Medicine (COM) established an affiliation agreement with The Nemours Foundation to establish the University of Central Florida College of Medicine - Nemours Children's Health Department of Pediatrics to train the next generation of pediatric physicians. This affiliation will be essential for collaboration in all missions of both institutions to include patient care, medical education, research, and community service. The annual revenue generated by this agreement reflects the significant direct and indirect value that COM will provide to Nemours related to its outstanding reputation in the community and for the professional development of its affiliate faculty appointments.
- Beginning in FY2023-2024, COM, in connection with adding the Department of Pediatrics will have a significant increase in its participation in the Florida Medical School Medicaid Supplemental Payment program through the Florida Agency for Health Care Administration. As such, COM is required to make substantial payments as a requirement of participation. This program provides supplemental payments in addition to standard Medicaid reimbursement rates and is to support Florida College of Medicine faculty practices and public hospitals as it is designed to increase access to quality healthcare for the Medicaid population while training future health care providers.
- In FY2024-2025, COM is implementing a shared services model documented in a Memorandum of Understanding (MOU) between COM and the College of Health Professions and Sciences (CHPS) by which COM will be aiding in various business functions to support the clinical activities of the CHPS Rehabilitation and Wellness Services division. Through CFCPO, COM will provide accounting, budgeting, clinical recruitment, and revenue cycle services. In addition, COM through UCF Health is establishing its first mobile clinic which will be supplying medical and education services to underserved populations in the community. All financial functions of the mobile clinic will be managed through the CFCPO.
- In addition to the activities described above, increases in patient care revenue are expected as UCF Health plans to recruit four new UCF Health physicians while new physicians hired in fiscal year 2024 will continue to grow their practice. Altogether, the proposed budget for FY2024-2025 reflects a 19% revenue increase over current year projections.
- Budgeted expenses reflect a 73% increase over FY2023-2024 projections. The driving factors are:
    - Startup costs for four physician new hires estimated at $700 thousand that includes added support staff.
    - Increase in scholarship funding for medical students of $500 thousand.

- An increase in staffing costs associated with higher benefit costs, the creation of a nurse triage team, and the addition of the CHPS clinics and the UCF Health mobile clinic resulting in a combined $1.5 million increase over current year.
- A combined projected investment of $11 million for academic and research initiatives at COM, space renovations at the UCF Lake Nona Cancer Center, and space renovations at the East Orlando location of UCF Health.
- And finally, an estimated $22 million payment to the Florida Agency for Healthcare Administration to increase participation in the Medicaid Supplemental Payment program which is $4 million more than the projected payment for FY2023-2024.

Additional Background

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

Resource Considerations

Due to the investments of cash reserves into strategic initiatives, CFCPO is budgeting a deficit of $8.3 million for fiscal year 2025. The projected, uncommitted year-end cash reserves and cash equivalents for 2024 is $16 million.

Board of Trustees

Budget and Finance Committee

June 24, 2024

Agenda Item

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

Proposed Board Action

The Budget and Finance Committee is asked to recommend to the Board of Trustees, on its consent agenda, approval of the annual renewal of UCF Athletics Association's reducing revolving line of credit with Fifth Third Bank.

Authority for Board of Trustees Action

- Florida Statute 1004.28
- UCF-4.034 University Direct Support Organizations Regulation
- Bylaws Article II, Section 6

Supporting Documentation Included
Attachment A: Modification of Renewal Revolving Line of Credit Promissory Note and Other Loan Documents
Facilitators/Presenters
Gerald Hector, Senior Vice President for Administration and Finance Terry Donovan, Deputy Athletics Director, Administration & Engagement and UCF Athletics Association Chief Financial Officer

Renewal of Reducing Revolving Line of Credit – Fifth Third Bank

EXECUTIVE SUMMARY

Objective

The Budget and Finance Committee is being asked to review and recommend approval of the annual renewal of UCF Athletics Association's (UCFAA) reducing revolving line of credit with Fifth Third Bank.

Summary of Key Observations/Recommendations

Key terms of the renewal are as follows:

- Principal shall bear interest at a floating rate equal to 79% of the 30-day SOFR Rate plus 1.34%, with no rate minimum provision. This is consistent with the terms of the previous renewal.

- Principal payment of $345,000 will be due on July 15, 2024. The remaining principal outstanding will be $3,780,000.

Additional Background

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

Rationale

Renewal is necessary because UCFAA does not have the funds available to pay off the outstanding principal balance and would be unable to make draws on the revolving line, limiting UCFAA's ability to pay expenses in a timely manner.

Implementation Plan

Upon approval by the UCF Board of Trustees, the renewal will be executed.

Resource Considerations

The UCF Athletic Association's FY2024-2025 proposed budget includes $570,500 for principal and interest on the note to be funded from operating funds.

Conclusion

Staff recommends the approval of the renewal of the reducing revolving line of credit with Fifth Third Bank.

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

THIS TENTH MODIFICATION OF RENEWAL REDUCING REVOLVING LINE OF CREDIT PROMISSORY NOTE AND OTHER LOAN DOCUMENTS (this "Modification") is executed as of the 15th day of July, 2024, by and between **FIFTH THIRD BANK, NATIONAL ASSOCIATION** ("Lender"), whose address is 200 East Robinson Street, Suite 1000, Orlando, Florida 32801, and **UCF ATHLETICS ASSOCIATION, INC**., a not-for-profit Florida corporation ("Borrower"), whose address is 4192 North Orion Boulevard, Orlando, Florida 32816.

WITNESSETH:

WHEREAS, Borrower is indebted to Lender under a $4,125,000.00 reducing revolving line of credit loan (the "Loan") as evidenced by that certain Renewal Reducing Revolving Line of Credit Promissory Note by Borrower in favor of Lender, effective as of December 31, 2013, as modified by that certain First Modification and Renewal of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 3, 2014, that certain Second Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 5, 2015, that certain Third Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated to be effective as of July 4, 2016, that certain Fourth Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated to be effective as of July 3, 2017, that certain Fifth Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated to be effective as of June 30, 2018, that certain Sixth Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 20, 2019; that certain Seventh Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 19, 2020; that certain Eighth Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 18, 2021, that certain Ninth Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 17, 2022, and that certain Tenth Modification of Renewal Reducing Revolving Line of Credit Promissory Note and Other Loan Documents dated as of July 16, 2023 (collectively as modified, the "Note"), with a Maturity Date of July 15, 2024, pursuant to that certain Amended and Restated Loan Agreement, effective as of December 31, 2013 (as amended, supplemented or otherwise modified at any time or from time to time, the "Loan Agreement") and other related loan documents (as the same may be amended, supplemented or otherwise modified at any time or from time to time, collectively, the "Loan Documents"); and

WHEREAS, the Loan is scheduled to mature on July 15, 2024 and the Borrower has requested the Lender to renew and extend the Loan through July 15, 2025, and the Lender has agreed to do so, provided the Borrower executes this Modification, including without limitation agreeing to the amendments set forth herein, and reaffirms the pledge of certain revenues available to the Borrower in favor of Lender for the payment of the Loan; and

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

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

1. Recitals. All of the foregoing recitations are true and correct and are hereby incorporated herein and made a part hereof.

2. Representations of Borrower. In order to induce Lender to enter into this Agreement, Borrower does hereby acknowledge, represent and warrant to and in favor of Lender that: (a) the indebtedness represented by the Note is due from Borrower to Lender in accordance with the terms of the Note as modified, free from any defense, claim, or right to set-off; (b) as of July 15, 2024, the maximum principal balance of the Loan is $3,780,000.00 plus accrued and unpaid interest, (c) the principal payment on the Loan, due on July 15, 2024, in the amount of $345,000.00, is being paid by the Borrower concurrent with the execution and delivery hereof, and (d) there are no suits, judgments, bankruptcies or executions pending against Borrower in any court which could in any way materially affect Borrower's ability to make payments of obligations due on the Loan.

3. Modification of Loan Documents. The Note, the Loan Agreement and/or the other Loan Documents are hereby modified as follows:

(a) The definition of the term "Maturity Date" in the first line of Section 1 of the Note is hereby amended by deleting "July 15, 2024" and inserting "July 15, 2025" in place thereof.

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

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

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

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

5. **WAIVER OF JURY TRIAL. BY THE EXECUTION HEREOF, BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE, THAT:**

(a) **NEITHER THE BORROWER NOR LENDER, NOR ANY ASSIGNEE, SUCCESSOR, HEIR OR LEGAL REPRESENTATIVE OF ANY OF THE SAME SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE ARISING FROM OR BASED UPON THIS MODIFICATION OR ANY LOAN DOCUMENT EVIDENCING, SECURING OR RELATING TO THE OBLIGATIONS OR TO THE DEALINGS OR RELATIONSHIP BETWEEN OR AMONG THE PARTIES THERETO;**

(b) **NEITHER THE BORROWER NOR LENDER SHALL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL HAS NOT BEEN OR CANNOT BE WAIVED;**

(c) **THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY NEGOTIATED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS;**

(d) **NEITHER THE BORROWER NOR LENDER HAS IN ANY WAY AGREED WITH OR PRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES; AND**

(e) **THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER INTO THIS MODIFICATION AND SHALL RUN TO THE BENEFIT OF LENDER AND BORROWER ONLY AND SHALL NOT BENEFIT ANY THIRD PARTIES.**

6. Fees. Borrower agrees that all costs and expenses associated with the negotiation, preparation, execution and delivery of this Agreement, including, but not limited

to, the Lender's attorney's fees, and documentary stamp fee and intangible taxes, if applicable, (together with all interest and penalties thereon, if any) and other related expenses, plus accrued interest on the Loan, shall be paid by Borrower on or before the effective date of this Modification. Borrower agrees to defend, indemnify, and hold harmless the Lender from and against any and all such costs and expenses, and agrees that the Lender shall not in any way be held liable for such costs and expenses.

7. Conditions to Effectiveness. This Modification and the effectiveness of the provisions hereof shall be conditioned upon (i) the accuracy of the representations of the Borrower set forth in Section 2 above and each of the other representations and warranties set forth in the other Loan Documents, in each case as of the effective date hereof, (ii) payment of the fees and expenses set forth in Section 6 above, (iii) receipt by the Lender of a certificate of status issued by the Secretary of State of Florida not earlier than fifteen (15) business days prior to the effective date hereof and satisfactory results of lien searches and other due diligence conducted by the Lender in its discretion, (iv) execution and delivery by the Borrower of this Modification and the Certificate of Organizational Documents, Resolutions and Incumbency as of the date of execution of this Modification, and (v) any other agreement, certificate, instrument or other document reasonably required by the Lender.

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

[Signature Page Follows]

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

LENDER:

FIFTH THIRD BANK, NATIONAL ASSOCIATION

By:__________________________________
Name: Lisa Z. Cox
Title: Senior Vice President

BORROWER:

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

By: __________________________________
Name: Terry Mohajir
Title: President

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

By: __________________________________
Name: Terry Donovan
Title: Treasurer

Board of Trustees

Budget and Finance Committee

June 24, 2024

Agenda Item

BUDC-4: UCF Stadium Corporation Release of Unrestricted Surplus

Proposed Board Action

The Budget and Finance Committee is asked to recommend to the Board of Trustees, on its consent agenda, approval of the UCF Stadium Corporation Release of Unrestricted Surplus.

Authority for Board of Trustees Action

- Florida Statute 1004.28
- UCF-4.034 University Direct Support Organizations Regulation
- Bylaws Article II, Section 6

Supporting Documentation Included

Attachment A: UCF Stadium Corporation Proposed FY2024-2025 Operating Budget

Facilitators/Presenters

Gerald Hector, Senior Vice President for Administration and Finance
Terry Donovan, UCFAA Executive Associate Athletics Director Chief Financial Officer

UCF Stadium Corporation Release of Unrestricted Surplus

EXECUTIVE SUMMARY

Objective

The Budget and Finance Committee is being asked to recommend approval of the release of UCF Stadium Corporation's (UCFSC) unrestricted surplus for the fiscal year ending June 30, 2025, to the UCF Athletics Association (UCFAA).

Summary of Key Observations/Recommendations

The attached FY2024-2025 operating budget, as approved by UCFSC's Board of Directors, is based on the proforma financial information previously submitted to the UCF Board of Trustees for the approval of the corporation's new debt issuance. It reflects the release of the projected unrestricted surplus in the amount of $8,009,395. This represents the estimate of funds that will be available to transfer to UCFAA after UCFSC's annual debt service requirements, contributions to the repair and replacement (R&R) reserve, and annual operating costs are funded. The release of the unrestricted surplus is offset by the transfer of pledged ticket sales and reflected as an estimated net transfer of $3,061,611 on UCFAA's FY2024-2025 budget.

The unrestricted surplus distributed back to UCFAA is likely to exceed $8,009,395 if pledged football revenues exceed those early proforma projections and loan proceeds are used to fund capitalized interest on the new debt issuance.

Additional Background

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

Rationale

UCFSC has minimal operations. The release of the unrestricted surplus to UCFAA has been the historical funding model for these DSOs.

Implementation Plan

The release of the unrestricted surplus to UCFAA typically begins toward the end of the second quarter after the UCFSC's annual debt service, R&R contributions, and operating costs are funded.

Resource Considerations

UCFAA relies on the use of these funds to support its operations.

Conclusion

Staff recommends the approval of the release of UCF Stadium Corporation's FY2024-2025 unrestricted surplus to UCF Athletics Association.

UCF STADIUM CORPORATION
PROPOSED ANNUAL BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

	2024-25 PROPOSED BUDGET	2023-24 APPROVED BUDGET	2023-24 PROJECTED ACTUALS	YOY Fav (Unfav) Variance
Funding Sources	$	$	$	$
Premium seating	2,850,000	2,798,500	2,850,000	-
Concessions and catering	725,996	500,000	691,425	34,571
Merchandise sales	250,000	250,000	250,000	-
Excess revenues from beverage contract	180,000	180,000	180,000	-
Total Funding Sources	**4,005,996**	**3,728,500**	**3,971,425**	**34,571**
Funding Uses				
Services and supplies	60,000	55,000	55,000	(5,000)
Repairs and replacement (R&R) funding	250,000	250,000	250,000	-
Total Funding Uses	**310,000**	**305,000**	**305,000**	**(5,000)**
Non-operating Sources/ (Uses)				
Tourism Development Tax Revenues	10,000,000	-	-	10,000,000
Transfers from UCFAA - Ticket sales	4,947,784	4,562,250	4,803,674	144,110
Transfers from UCFAA - Stadium rent	2,121,000	2,121,000	2,121,000	-
Transfers from UCFAA - Guaranteed royalty	2,000,000	2,000,000	1,975,000	25,000
Pledges for Leadership Center	255,000	255,000	255,000	-
Interest earnings	125,000	50,000	125,000	-
Debt service	(3,621,920)	(3,628,450)	(3,628,450)	6,530
Capitalized interest - new issuance	(1,513,465)	-	-	(1,513,465)
Debt service reserve - new issuance	(10,000,000)	-	-	(10,000,000)
Transfers to UCFAA - Excess Unrestricted Revenue	(8,009,395)	(8,783,300)	(9,317,649)	1,308,254
Total Non-operating Sources/ (Uses)	**(3,695,996)**	**(3,423,500)**	**(3,666,425)**	**(29,571)**
Sources Less Uses	**-**	**-**	**-**	**-**

Debt Service Summary	Annual Debt Service Fiscal Year 2025			Outstanding Principal	
	Principal	Interest	Total	As of 6/30/24	As of 6/30/25
Tax-exempt bonds	1,560,000	953,669	2,513,669	23,755,000	22,195,000
Taxable bonds	440,000	338,185	778,185	6,880,000	6,440,000
Leadership Center	303,000	27,066	330,066	1,087,000	784,000
TDT Loan	-	813,224	813,224	-	60,865,000
New Towers Bond Series	-	700,241	700,241	-	27,755,000
Total	**2,303,000**	**2,832,385**	**5,135,385**	**31,722,000**	**118,039,000**

R&R Reserve Summary	R&R Reserve Available for Use			
	Projected as of 7/1/2024	Contributions	Budgeted Expenditures	Projected as of 6/30/2025
Non-recurring maintenance (R&R) Expenses	915,183	250,000	-	1,165,183
Rust remediation	-	-	-	-
Total	**915,183**	**250,000**	**-**	**1,165,183**

Board of Trustees

Budget and Finance Committee

June 24, 2024

Agenda Item

BUDC-5: UCF Pouring Rights with Coca-Cola – Contract Extension Approval

Proposed Board Action

The Budget and Finance Committee is asked to recommend to the Board of Trustees, on its consent agenda, approval of a 10-year contract extension for university pouring rights with the Coca-Cola Company.

Authority for Board of Trustees Action

Florida Statutes s. 1001.73. University board empowered to act as trustee.

Supporting Documentation Included
Attachment A: Contract Summary Form
Facilitators/Presenters
Gerald Hector, Senior Vice President for Administration and Finance Jon Varnell, Vice President for Administrative Operations Kevin Sowers, Assistant Vice President for Auxiliary Services

UCF Pouring Rights with Coca-Cola – Contract Extension Approval

EXECUTIVE SUMMARY

Objective

Approval of the Coca-Cola contract extension is related to university beverage pouring rights and sponsorship for UCF campuses and is a revenue source for both the campuses and the UCF Athletics Association (UCFAA). An extension of this contract with Coca-Cola will allow for greater return of revenues and donations to UCF, while also creating scholarships and job opportunities for students.

Summary of Key Observations/Recommendations

Through negotiations with Coca-Cola between the university and UCFAA, this contract will include growth in the below areas.

- Sponsorship revenue will increase over the life of the term by 31% from the current annual $1,200,000 to $1,500,000 in the first year and escalates to $1,669,074 by the final year of the contract.
- Analysis of 11 active comparable Football Bowl Subdivision schools, including seven from the Big XII, reveals an average annual sponsorship of $1,310,416.
- Commissions on vended products will remain at 35% of sales with a $300,000 annual minimum guarantee.
- Campus product donations will increase 44% over current during the contract term to an average of $36,000 annually. This will benefit the campus through distribution to departmental and student organizations.
- UCFAA product and equipment donations represent a contract increase of 95% collectively of product and equipment. This $131,000 annual average helps support UCFAA by lowering the amount of hydration products and equipment needed to be purchased directly.
- Annual funding of $15,000 has been added to support campus sustainability initiatives.
- Professional development opportunities for students:
  - Three (3) Tuition Scholarships annually for incoming freshmen (Florida Prepaid College Foundation)
  - Three (3) Summer Paid Student Internships (New)
  - Two (2) Paid Campus Ambassadors (Currently 1)
  - Student Athlete summer jobs programs (New)
- The contract renewal includes funds to support campus and Athletics marketing initiatives.
- A new $10,000 annual funding commitment has been added to support support Athletics events or initiatives.

Additional Background

N/A

Rationale

This new agreement would help support the Mission XII objectives with corporate partnerships and growing critical support for the financial obligations of the UCFAA operating budget. It will also aid in providing championship-caliber services to our students and student athletes in their educational and career pursuits with the new summer jobs programs, and corporate internship opportunities.

Implementation Plan

No implementation plan is needed, as services will be continuous to current operation.

Resource Considerations

There are three categories for financial consideration that make up approximately $24.3 million of contract value over the life of this proposed contract. This represents a 40% growth over prior contract structure.

- Sponsorship Revenue - The sponsorship structure represents a revenue income of $15,500,000 over a 10-year period.
- Other Revenue or Expense Savings resources - Other sources include an Athletics Concession Fee, Beverage vending commission, Sustainability funding, Marketing funding, Athletic Campaign funds and product donations. These additional categories represent approximately $6.743 million of revenue or expense savings to the campus over the 10-year period.
- Additional Campus Benefit – There are four additional benefits within for Annual Scholarships, Paid Internships, Athletic Summer Jobs programs, and Campus Ambassador Program. Although not a direct financial benefit to the university, the value is approximately $2.056 million over the 10-year period creating opportunities for students to gain paid professional experience.

Conclusion

Based on the information provided, staff recommends approval of the Coca-Cola contract extension.

Attachment A

Summary of Agreement

Purpose/Background	The purpose of this discussion and vote is to determine whether to solidify the partnership between UCF and the Coca-Cola Company via a long-term, mutually beneficial, extension. Both members of UCF Administration and UCF Athletics have agreed this is worthy of approval to move forward with the contract extension. Coca-Cola Company has been a long-standing partner to the university and is a leader in beverage supply and venue sponsorship. They continually exceed in areas of community engagement and campus support through product donations and professional opportunities for students. Having evaluated a number of other pouring rights agreements in higher education that are currently active, it was determined that the only true competitor to Coca-Cola would be Pepsi. Upon reviewing these evaluations, it was decided that remaining with Coca-Cola was of greater benefit considering Coca-Cola is structured with services being provided by franchisee bottlers over a singular corporate model. The Coca-Cola Florida franchisee can provide better resources and partnership and is represented as one of Florida's largest certified minority-owned businesses with a commitment to serving the community. Considering the longevity of the relationship, and Coca-Cola Florida's ability to meet the service deliverables to UCF campuses, Coca-Cola will continue to provide consistent service and support along with increased financial benefit.
Parties	UCF, UCFAA, and the Coca-Cola Company to include Coca-Cola Florida
Term	July 1, 2024 – 6/30/2034 (10-Year Extension) Current agreement ends June 30, 2024, but does have a 3-year renewal option.
Obligations of UCF	UCFAA to provide sponsorship components to include signage and event access. UCF to provide pathway to Coca-Cola to sell and promote product.
Obligations of other party	To provide beverage services to the campus through vending, retail, concessions and catering in exchange for sponsorship revenues, commission revenues, and donated product.
Financial terms	Paid by Coca-Cola: • Sponsorship Fee $1,500,000 year 1-5 with 2.15% escalation years 6-10 to grow to $1,669,074 • Athletics Concession Fee $25,000 • Commission on vending sales at 35% with a $300,000 minimum guarantee. • Product donations to campus $30,000 year 1 with 4% annual growth rate.

Summary of Agreement

	• Product donation to UCFAA $80,000 year 1 with 4% annual growth rate • Powerade product and equipment donation $35,000 annually. • Athletic Campaign Fund $10,000 annually • Sustainability Funds - $15,000 annually • Marketing Funds Campus - $37,500 • Marketing Funds UCFAA - $37,500
Termination rights	No change to previous agreement.
Additional terms	Coca-Cola to provide scholarships, paid campus ambassador program, paid internships, and paid athletic summer jobs program.
Link to agreement	Campus-Wide Sponsorship Agreement

Board of Trustees

Budget and Finance Committee

June 24, 2024

Agenda Item

INFO-1: University Investment Report – 3rd Quarter, Ended March 31, 2024

Proposed Board Action

This item is being presented for information purposes only.

Authority for Board of Trustees Action

Florida Statutes sections 1011.42(5) and 218.415
University Regulation UCF-4.014 Investments
UCF Investment Policy Manual

Supporting Documentation Included

Attachment A: University Investment Report – 3rd Quarter, Ended March 31, 2024
Attachment B: And Co and Mariner Merger Letter
Attachment C: Mariner Fact Sheet

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 – 3rd Quarter, Ended March 31, 2024

EXECUTIVE SUMMARY

Objective

The university Treasury office has worked with our Mariner Institutional (Formerly AndCo) investment consultants to prepare the attached quarterly investment report for the quarter ended March 31, 2024.

Summary of Key Observations/Recommendations

This quarter includes the following highlights and notable changes:

- AndCo was recently acquired by the firm Mariner Institutional to form a strategic partnership to run and lead their new institutional consulting/advisory business unit.
    - There will be no change to the people, process, service, and engagement terms as a result of this acquisition.
    - Post acquisition, Mariner Institutional will continue to be its own legal entity and separate investment advisor operating under the same legacy AndCo registration and CRD identification number.
    - The quarterly UCF Investment board reports will now reflect the new Mariner name and branding.
    - Details of this acquisition, and facts about Mariner Institutional, have been attached for reference.
- Based on advice and recommendation of Mariner (our investment adivsors), on June 14th, 2024, the University requested a rebalancing of the Bank of New York investment pools to ensure that the portfolio remained in line with the board approved allocation percentages of our University Investment Policy Statement (IPS). This rebalancing, as further described in the attached letter, sold $5.0 million in equities held in Pool III and $6.0 million of equities held in Pool IV, and redeployed these funds into the Pool I account to continue to take advantage of higher interest rate returns. This rebalancing reduced the portfolio's total equity percentage from 18% to 17% (Attachment B).

- The University recently provided our investment return information to our State University System peers for survey benchmarking purposes. The results of that survey are attached for reference. The results showed that UCF's investment returns have exceeded the returns of each surveyed university for the end of fiscal year 2023, and through the first half of fiscal year 2024 (Attachment C). This improvement in our returns is due primarily to the changes made in our short term cash management in November of 2022. We will continue to manage our short term cash in this manner, while always exploring ways to increase it even further.

- The University Structured Investment Portfolio (SIP) generated favorable returns of 2.49% for the quarter ended March 31, 2023.

- Pool I, primarily comprised of US Treasury securities, continued to deliver consistent results. These holdings yielded a consistent quarterly return of 1.31% and contributed over $4.3 million in net interest income.

- Pool III and Pool IV generated the highest levels of return for the quarter with total returns of 2.12% and 6.28% respectively. Both pools were driven by unrealized gains on the equity portfolio with domestic equities increasing by 10.54% and international equities increasing by 7.45%.

- As of March 31, 2023, the University has liquidated the SPIA fund down to a minimum balance of $19.7 million and has reinvested these funds into Pool I. The balance in Pool I as of March 31, 2023, is $360.7 million. The SPIA fund continues to be reduced and redistributed to Pool I, and as of May 9th, 2024, the balance in SPIA is $11.3 million.

- 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 March 31, 2024 (Attachment A).

As of March 31, 2024, the university had the following cash and investment balances:

Bank of America operating account	$ 2,110,200
State of Florida Special Purpose Investment Account (SPIA)	19,712,600
Bank of New York Structured Investment Portfolio	735,047,200
Total Cash and Investments	**$ 756,870,000**

The structured investment portfolio achieved quarterly gains net of fees totaling $17,331,059 which includes $10,567,316 in market appreciation and $6,763,743 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.

University of Central Florida

Board Summary Report

Investment Performance Review

Period Ending March 31, 2024

MARINER

Asset Allocation and Performance

	Allocation		Performance(%)						
	Market Value $	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Total Fund (Net)	**735,047,200**	**100.00**	**2.49**	**6.64**	**8.55**	**2.25**	**4.77**	**4.33**	**04/01/2010**
SPIA (Net)			0.73	2.08	2.66	1.78	2.12	1.87	
Total Fund (Gross)	**735,047,200**	**100.00**	**2.49**	**6.67**	**8.61**	**2.29**	**4.83**	**4.41**	**04/01/2010**
Pool I	**360,716,194**	**49.07**	**1.31**	**4.00**	**5.28**	**N/A**	**N/A**	**5.12**	**01/01/2023**
FTSE 3 Month T-Bill			1.37	4.21	5.52	2.70	2.07	5.33	
Pool II	**57,796,357**	**7.86**	**1.11**	**4.33**	**5.12**	**2.06**	**2.12**	**1.25**	**04/01/2010**
Pool II Policy			0.94	3.91	4.54	1.72	1.75	1.01	
Pool III	**164,870,854**	**22.43**	**2.12**	**6.65**	**7.79**	**2.01**	**3.69**	**3.70**	**04/01/2010**
Pool III Policy			1.64	5.93	6.67	1.44	3.31	3.38	
Pool IV	**151,663,795**	**20.63**	**6.28**	**12.62**	**17.55**	**5.27**	**9.10**	**8.61**	**04/01/2010**
Pool IV Policy			6.08	12.73	18.12	5.47	8.87	8.62	

Comparative Performance Trailing Returns

	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Pool I	**1.31**	**(14)**	**4.00**	**(20)**	**5.28**	**(17)**	**N/A**		**N/A**		**5.12**	**(15)**	**01/01/2023**
FTSE 3 Month T-Bill	1.37	(1)	4.21	(1)	5.52	(1)	2.70	(8)	2.07	(6)	5.33	(1)	
IM U.S. Taxable Money Market (MF) Median	1.27		3.89		5.11		2.49		1.83		4.94		
Fidelity MM (Pool I)	1.31	(16)	3.99	(23)	5.26	(22)	N/A		N/A		N/A		04/01/2010
FTSE 3 Month T-Bill	1.37	(1)	4.21	(1)	5.52	(1)	2.70	(8)	2.07	(6)	1.01	(9)	
IM U.S. Taxable Money Market (MF) Median	1.27		3.89		5.11		2.49		1.83		0.85		
Invesco MM (Pool I)	1.31	(13)	4.01	(17)	5.29	(16)	N/A		N/A		5.14	(13)	01/01/2023
FTSE 3 Month T-Bill	1.37	(1)	4.21	(1)	5.52	(1)	2.70	(8)	2.07	(6)	5.33	(1)	
IM U.S. Taxable Money Market (MF) Median	1.27		3.89		5.11		2.49		1.83		4.94		

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	**1.11**	**(79)**	**4.33**	**(59)**	**5.12**	**(84)**	**2.06**	**(81)**	**2.12**	**(71)**	**1.25**	**(75)**	**04/01/2010**
Pool II Policy	0.94	(99)	3.91	(100)	4.54	(100)	1.72	(95)	1.75	(99)	1.01	(99)	
IM U.S. Cash Fixed Income (SA+CF) Median	1.35		4.40		5.59		2.66		2.24		1.44		
Galliard (Pool II)	1.11	(79)	4.33	(59)	5.12	(84)	2.06	(81)	2.12	(71)	1.25	(75)	04/01/2010
Pool II Policy	0.94	(99)	3.91	(100)	4.54	(100)	1.72	(95)	1.75	(99)	1.01	(99)	
IM U.S. Cash Fixed Income (SA+CF) Median	1.35		4.40		5.59		2.66		2.24		1.44		

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

Comparative Performance Trailing Returns

	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Pool III (Net)	**2.12**		**6.60**		**7.69**		**1.95**		**3.62**		**3.61**		**04/01/2010**
Pool III Policy	1.64		5.93		6.67		1.44		3.31		3.38		
Pool III (Gross)	**2.12**		**6.65**		**7.79**		**2.01**		**3.69**		**3.70**		**04/01/2010**
Pool III Policy	1.64		5.93		6.67		1.44		3.31		3.38		
Pool III - Domestic Equity	**10.54**	**(34)**	**19.41**	**(40)**	**29.84**	**(30)**	**11.45**	**(21)**	**15.02**	**(24)**	**13.08**	**(42)**	**04/01/2010**
Pool III Equity Policy	10.56	(34)	19.44	(39)	29.88	(29)	11.49	(20)	15.05	(23)	13.64	(28)	
IM U.S. Equity (SA+CF+MF) Median	9.02		17.80		23.87		8.21		12.25		12.64		
Pool III - Fixed Income	**0.45**	**(83)**	**4.22**	**(68)**	**3.94**	**(77)**	**0.03**	**(92)**	**1.50**	**(85)**	**1.87**	**(53)**	**04/01/2010**
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	0.11	(99)	3.60	(98)	2.87	(99)	-0.44	(100)	1.12	(100)	1.51	(83)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	0.75		4.44		4.44		0.86		1.90		1.88		

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)	10.54	(9)	19.41	(15)	29.84	(16)	11.45	(9)	15.02	(9)	13.75	(3)	07/01/2013
S&P 500 Index	10.56	(1)	19.44	(4)	29.88	(4)	11.49	(1)	15.05	(3)	13.78	(1)	
IM S&P 500 Index (MF) Median	10.47		19.20		29.53		11.16		14.71		13.38		
Fixed Income													
Galliard (Pool III)	0.64	(69)	4.61	(39)	4.47	(49)	0.11	(91)	1.63	(76)	1.97	(42)	04/01/2010
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	0.11	(99)	3.60	(98)	2.87	(99)	-0.44	(100)	1.12	(100)	1.51	(83)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	0.75		4.44		4.44		0.86		1.90		1.88		
Sawgrass (Pool III)	0.19	(97)	3.70	(96)	3.24	(98)	-0.10	(95)	1.32	(94)	1.73	(62)	04/01/2010
ICE BofAML 1-5 Year AAA-A U.S. Corp. & Gov. Index	0.11	(99)	3.60	(98)	2.87	(99)	-0.44	(100)	1.12	(100)	1.51	(83)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	0.75		4.44		4.44		0.86		1.90		1.88		

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

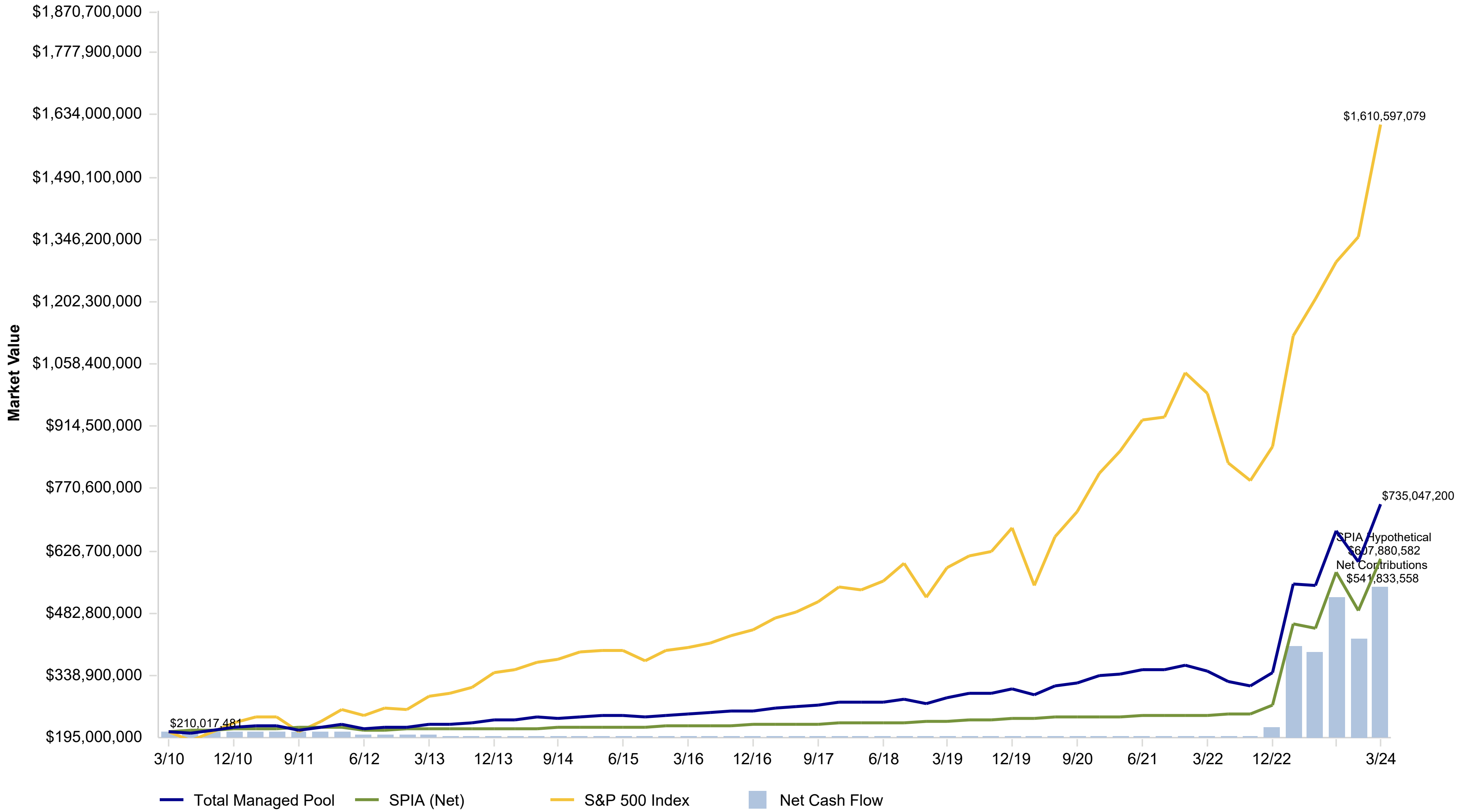
	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Pool IV (Net)	**6.28**		**12.57**		**17.45**		**5.23**		**9.05**		**8.49**		**04/01/2010**
Pool IV Policy	6.08		12.73		18.12		5.47		8.87		8.62		
Pool IV (Gross)	**6.28**		**12.62**		**17.55**		**5.27**		**9.10**		**8.61**		**04/01/2010**
Pool IV Policy	6.08		12.73		18.12		5.47		8.87		8.62		
Pool IV - Total Equity	**10.10**		**18.16**		**27.24**		**9.19**		**13.44**		**11.59**		**04/01/2010**
Pool IV Equity Policy	9.68		18.14		27.38		9.67		13.24		11.79		
Pool IV - Domestic Equity	**10.54**	**(34)**	**19.41**	**(40)**	**29.84**	**(30)**	**11.45**	**(21)**	**15.02**	**(24)**	**13.12**	**(42)**	**04/01/2010**
Pool IV Domestic Equity Policy	10.56	(34)	19.44	(39)	29.88	(29)	11.49	(20)	15.05	(23)	13.64	(28)	
IM U.S. Equity (SA+CF+MF) Median	9.02		17.80		23.87		8.21		12.25		12.64		
Pool IV - International Equity	**7.45**	**(14)**	**11.11**	**(32)**	**13.49**	**(40)**	**-0.15**	**(57)**	**6.91**	**(34)**	**5.74**	**(35)**	**04/01/2010**
MSCI AC World ex USA	4.81	(43)	10.87	(35)	13.83	(37)	2.44	(38)	6.48	(41)	5.33	(49)	
IM International Equity (MF) Median	4.40		9.21		11.98		1.03		5.87		5.27		
Pool IV - Fixed Income	**-0.02**	**(55)**	**3.78**	**(42)**	**3.33**	**(39)**	**-1.68**	**(87)**	**1.28**	**(37)**	**2.98**	**(9)**	**04/01/2010**
Pool IV Fixed Income Policy	-0.42	(90)	3.08	(81)	2.30	(81)	-2.45	(95)	0.37	(94)	2.27	(45)	
IM U.S. Intermediate Duration (SA+CF) Median	0.04		3.63		2.94		-0.97		1.16		2.23		

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)	10.54	(9)	19.41	(15)	29.84	(16)	11.45	(9)	15.02	(9)	13.75	(3)	07/01/2013
S&P 500 Index	10.56	(1)	19.44	(4)	29.88	(4)	11.49	(1)	15.05	(3)	13.78	(1)	
IM S&P 500 Index (MF) Median	10.47		19.20		29.53		11.16		14.71		13.38		
International Equity													
Europacific Growth (Pool IV)	7.45	(14)	11.11	(43)	13.49	(52)	-0.15	(97)	6.91	(42)	6.28	(13)	04/01/2010
MSCI AC World ex USA	4.81	(58)	10.87	(48)	13.83	(49)	2.44	(61)	6.48	(51)	5.33	(54)	
IM International Multi-Cap Core Equity (MF) Median	5.14		10.71		13.66		3.30		6.53		5.36		
Fixed Income													
Galliard Intermediate (Pool IV)	-0.02	(55)	3.78	(42)	3.39	(37)	-1.79	(91)	1.10	(61)	2.95	(9)	04/01/2010
Galliard Pool IV Policy	-0.42	(90)	3.08	(81)	2.30	(81)	-2.45	(95)	0.37	(94)	2.27	(46)	
IM U.S. Intermediate Duration (SA+CF) Median	0.04		3.63		2.94		-0.97		1.16		2.23		

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

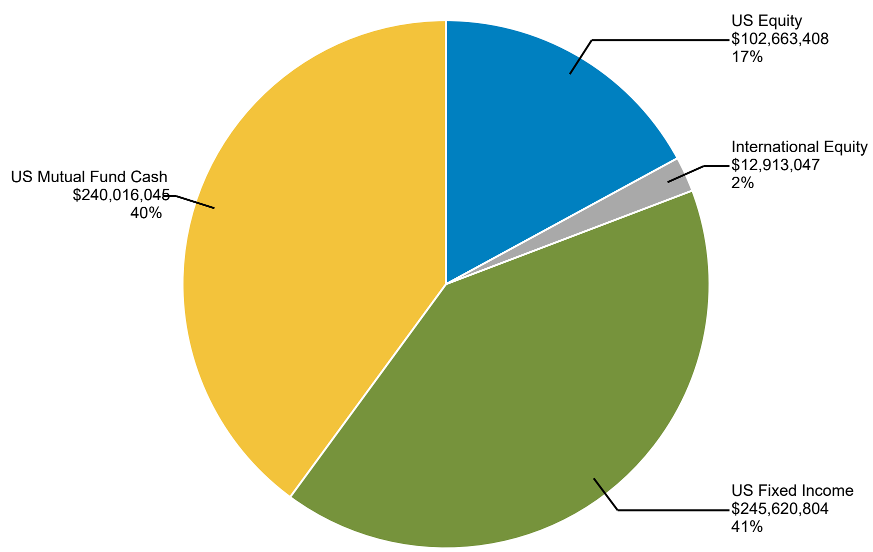


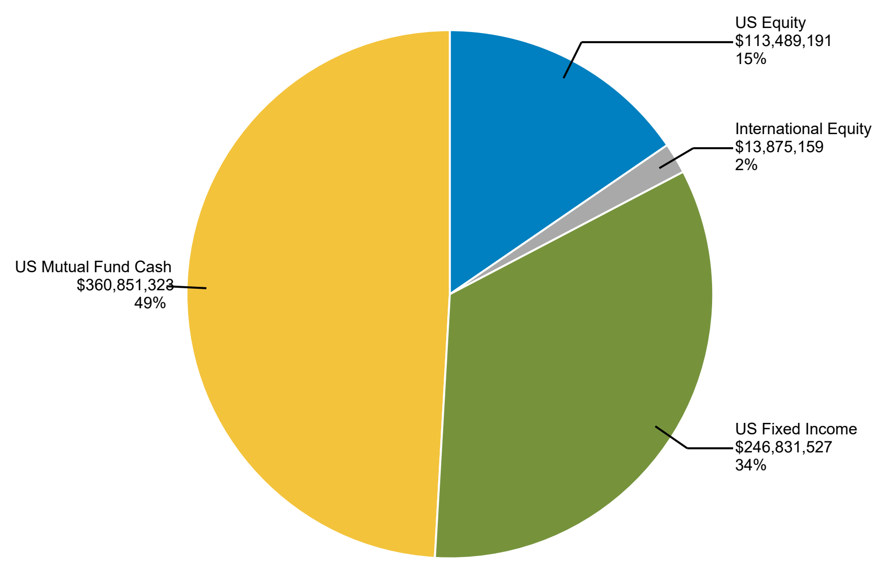
Schedule of Investable Assets

Periods Ending	Beginning Market Value	Net Cash Flow	Gain/Loss	Ending Market Value	Return %
Inception	$210,017,481	$331,816,077	$193,213,642	$735,047,200	4.41

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.

Dec-2023 : $601,213,304	Mar-2024 : $735,047,200



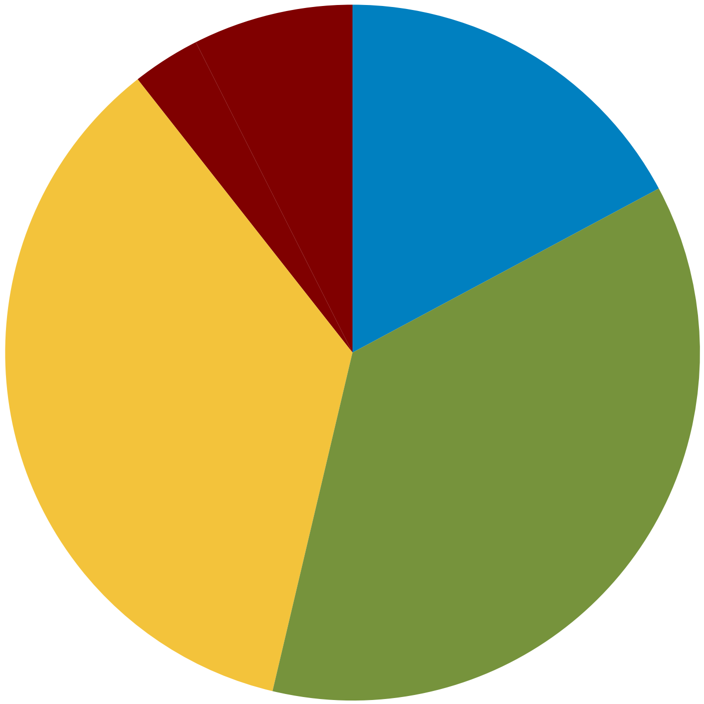
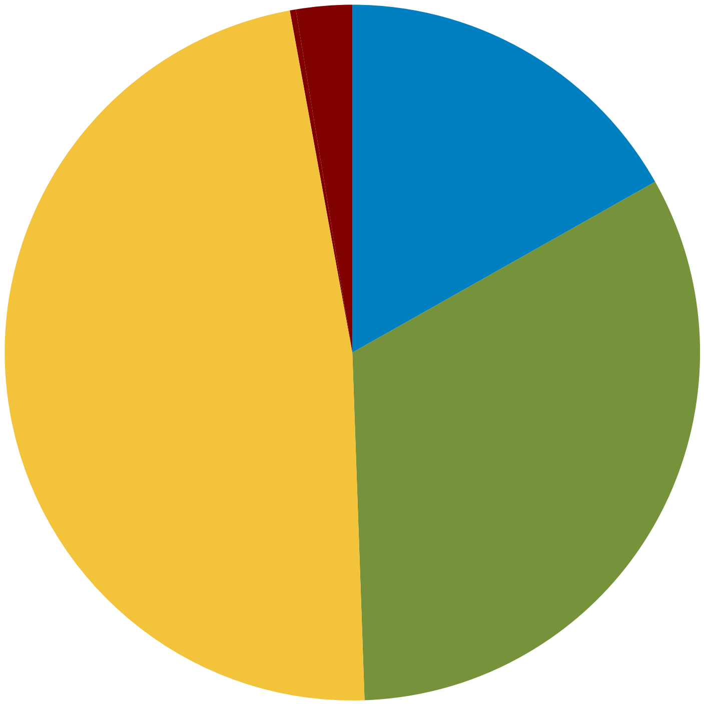


Allocation

	Market Value	Allocation
US Equity	102,663,408	17.1
International Equity	12,913,047	2.1
US Fixed Income	245,620,804	40.9
US Mutual Fund Cash	240,016,045	39.9

Allocation

	Market Value	Allocation
US Equity	113,489,191	15.4
International Equity	13,875,159	1.9
US Fixed Income	246,831,527	33.6
US Mutual Fund Cash	360,851,323	49.1

Dec-2023 : $672,620,084.9	Mar-2024 : $756,870,000.1
	

Allocation	Market Value	Allocation	Allocation	Market Value	Allocation
Equity	115,576,455	17.2	Equity	127,364,350	16.8
Fixed Income	245,620,804	36.5	Fixed Income	246,831,527	32.6
Mutual Fund Cash	240,016,045	35.7	Mutual Fund Cash	360,851,323	47.7
Bank of America	21,299,026	3.2	Bank of America	2,110,200	0.3
SPIA	50,107,755	7.4	SPIA	19,712,600	2.6

Financial Reconciliation Quarter to Date

	Market Value 01/01/2024	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 03/31/2024
Pool I	**239,876,191**	**-**	**367,965,628**	**-250,666,819**	**-**	**-21,181**	**4,357,347**	**-794,972**	**360,716,194**
Fidelity MM (Pool I)	118,888,738	-	183,518,708	-125,333,409	-	-10,591	2,154,725	-794,972	178,423,199
Invesco MM (Pool I)	120,987,453	-	184,446,920	-125,333,409	-	-10,591	2,202,622	-	182,292,995
Pool II	**57,164,679**	**-**	**-**	**-**	**-**	**-3,936**	**535,673**	**99,942**	**57,796,357**
Galliard (Pool II)^	57,164,679	-	-	-	-	-3,936	535,673	99,942	57,796,357
Pool III	**161,463,663**	**-**	**-**	**-**	**-**	**-10,391**	**1,116,717**	**2,300,865**	**164,870,854**
Pool III - Fixed	**134,755,438**	**-**	**-**	**-**	**-**	**-8,896**	**1,020,480**	**-417,171**	**135,349,850**
Galliard (Pool III)	77,361,559	-	-	-	-	-5,397	754,737	-261,823	77,849,076
Sawgrass (Pool III)	57,393,878	-	-	-	-	-3,500	265,743	-155,348	57,500,774
Pool III - Dom Equity	**26,685,764**	**-**	**-**	**-**	**-**	**-**	**95,958**	**2,718,036**	**29,499,759**
Vanguard Instl (Pool III)	26,685,764	-	-	-	-	-	95,958	2,718,036	29,499,759
Pool III - Mutual Fund Cash	**22,461**	**-**	**-**	**-**	**-**	**-1,495**	**279**	**-**	**21,245**
Pool IV	**142,708,770**	**-**	**-**	**-**	**-**	**-9,734**	**798,249**	**8,166,509**	**151,663,795**
Pool IV - Fixed	**53,700,688**	**-**	**-**	**-**	**-**	**-4,743**	**523,561**	**-534,186**	**53,685,319**
Galliard Intermediate (Pool IV)	53,700,688	-	-	-	-	-4,743	523,561	-534,186	53,685,319
Dodge & Cox Income (Pool IV)	-	-	-	-	-	-	-	-	-
Pool IV - Dom Equity	**75,977,644**	**-**	**-**	**-**	**-**	**-**	**273,205**	**7,738,584**	**83,989,433**
Vanguard Instl (Pool IV)	75,977,644	-	-	-	-	-	273,205	7,738,584	83,989,433
Pool IV - Int'l Equity	**12,913,047**	**-**	**-**	**-**	**-**	**-**	**-**	**962,112**	**13,875,159**
Europacific (Pool IV)	12,913,047	-	-	-	-	-	-	962,112	13,875,159
Pool IV - Mutual Fund Cash	**117,392**	**-**	**-**	**-**	**-**	**-4,991**	**1,483**	**-**	**113,884**
Total Managed Pool	**601,213,304**	**-**	**367,965,628**	**-250,666,819**	**-**	**-45,243**	**6,807,986**	**9,772,344**	**735,047,200**

Financial Reconciliation Fiscal Year to Date

	Market Value 07/01/2023	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 03/31/2024
Pool I	**200,992,044**	**-**	**866,043,942**	**-717,263,161**	**-**	**-47,915**	**11,786,255**	**-794,972**	**360,716,194**
Fidelity MM (Pool I)	99,985,031	-	432,056,216	-358,631,581	-	-23,957	5,832,462	-794,972	178,423,199
Invesco MM (Pool I)	101,007,013	-	433,987,726	-358,631,581	-	-23,957	5,953,793	-	182,292,995
Pool II	**55,447,265**	**-**	**-**	**-**	**-41,229**	**-11,867**	**1,434,457**	**967,732**	**57,796,357**
Galliard (Pool II)^	55,447,265	-	-	-	-41,229	-11,867	1,434,457	967,732	57,796,357
Pool III	**154,696,142**	**-**	**-**	**-**	**-75,076**	**-31,799**	**3,230,150**	**7,051,437**	**164,870,854**
Pool III - Fixed	**129,966,511**	**-**	**-**	**-**	**-75,076**	**-27,337**	**2,934,948**	**2,550,805**	**135,349,850**
Galliard (Pool III)	74,486,509	-	-	-	-55,639	-16,718	2,146,706	1,288,217	77,849,076
Sawgrass (Pool III)	55,480,002	-	-	-	-19,437	-10,619	788,241	1,262,587	57,500,774
Pool III - Dom Equity	**24,704,822**	**-**	**-**	**-**	**-**	**-**	**294,304**	**4,500,633**	**29,499,759**
Vanguard Instl (Pool III)	24,704,822	-	-	-	-	-	294,304	4,500,633	29,499,759
Pool III - Mutual Fund Cash	**24,809**	**-**	**-**	**-**	**-**	**-4,462**	**898**	**-**	**21,245**
Pool IV	**134,754,488**	**-**	**-**	**-**	**-62,511**	**-30,307**	**2,544,290**	**14,457,835**	**151,663,795**
Pool IV - Fixed	**51,803,828**	**-**	**-**	**-**	**-62,511**	**-14,390**	**1,497,905**	**460,488**	**53,685,319**
Galliard Intermediate (Pool IV)	51,803,828	-	-	-	-62,511	-14,390	1,497,905	460,488	53,685,319
Dodge & Cox Income (Pool IV)	-	-	-	-	-	-	-	-	-
Pool IV - Dom Equity	**70,337,658**	**-**	**-**	**-**	**-**	**-**	**837,920**	**12,813,855**	**83,989,433**
Vanguard Instl (Pool IV)	70,337,658	-	-	-	-	-	837,920	12,813,855	83,989,433
Pool IV - Int'l Equity	**12,487,851**	**-**	**-**	**-**	**-**	**-**	**203,815**	**1,183,493**	**13,875,159**
Europacific (Pool IV)	12,487,851	-	-	-	-	-	203,815	1,183,493	13,875,159
Pool IV - Mutual Fund Cash	**125,151**	**-**	**-**	**-**	**-**	**-15,917**	**4,650**	**-**	**113,884**
Total Managed Pool	**545,889,939**	**-**	**866,043,942**	**-717,263,161**	**-178,816**	**-121,888**	**18,995,152**	**21,682,032**	**735,047,200**

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	178,423,199	446,058	0.25 % of Assets
Invesco MM (Pool I)	0.21	182,292,995	382,815	0.21 % of Assets
Pool I	**0.23**	**360,716,194**	**828,873**	
Galliard	0.10	57,796,357	57,796	0.10 % of Assets
Pool II	**0.10**	**57,796,357**	**57,796**	
Galliard	0.10	77,849,076	77,849	0.10 % of Assets
Sawgrass	0.07	57,500,774	40,251	0.07 % of Assets
Pool III - Fixed Income	***0.09***	***135,349,850***	***118,100***	
Vanguard Institutional Index*	0.04	29,499,759	10,325	0.04 % of Assets
Pool III - Domestic Equity	***0.04***	***29,499,759***	***10,325***	
Mutual Fund Cash*	0.21	21,245	45	0.21 % of Assets
Pool III	**0.08**	**164,870,854**	**128,469**	
Galliard Intermediate	0.20	53,685,319	107,371	0.20 % of Assets
Pool IV - Fixed Income	***0.20***	***53,685,319***	***107,371***	
Vanguard Institutional Index*	0.04	83,989,433	29,396	0.04 % of Assets
Pool IV - Domestic Equity	***0.04***	***83,989,433***	***29,396***	
Europacific Growth*	0.46	13,875,159	63,826	0.46 % of Assets
Pool IV - International Equity	***0.46***	***13,875,159***	***63,826***	
Mutual Fund Cash*	0.21	113,884	239	0.21 % of Assets
Pool IV	**0.13**	**151,663,795**	**200,832**	
Total Managed Pool	**0.17**	**735,047,200**	**1,215,971**	

*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 Mariner 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.

Mariner Institutional compiled this report for the sole use of the client for which it was prepared. Mariner Institutional 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. Mariner Institutional uses the results from this evaluation to make observations and recommendations to the client.

Mariner Institutional 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. Mariner Institutional analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides Mariner Institutional with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides Mariner Institutional with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause Mariner Institutional 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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***IMPORTANT DISCLOSURE INFORMATION RE GREENWICH QUALITY LEADER AWARD**

These ratings are not indicative of Mariner Institutional's future performance. These awards or any other rankings and/or recognition by unaffiliated rating services and/or publications should not be construed as a guarantee that a client will experience a certain level of results or satisfaction if they invest with Mariner Institutional, nor should it be construed as a current or past endorsement by any of our clients. Mariner Institutional did not pay a fee to participate in this award survey.

Methodology for this Award: For the 2022 Greenwich Quality Award for Overall U.S. Investment Consulting – Midsize Consultants – Between February and November 2022, Coalition Greenwich conducted interviews with 727 individuals from 590 of the largest tax-exempt funds in the United States. These U.S.-based institutional investors are corporate and union funds, public funds, and endowment and foundation funds, with either pension or investment pool assets greater than $150 million. Study participants were asked to provide quantitative and qualitative evaluations of their asset management and investment consulting providers, including qualitative assessments of those firms soliciting their business and detailed information on important market trends.

MARINER

Access to a wealth of knowledge and solutions.

UNIVERSITY OF CENTAL FLORIDA
CUSTODIAN LETTER OF DIRECTION

June 3, 2024

Dean Kozusko
BNY Mellon Trust Company
10161 Centurion Parkway
Jacksonville, FL 32256

RE: Pool III & Pool IV Rebalancing Transactions

The University of Central Florida Operating Fund (UCF) directs BNY to complete the following mutual fund sales and cash transfers in Pools 3 and 4 to rebalance UCF's portfolios.

POOL III

Account Number	Investment Manager	Amount	Transaction
740338	Vanguard Institutional Index	($5,000,000)	Sell VINIX and transfer cash proceeds as directed
740056	Pool 1- Money Market	$5,000,000	Transfer Receipt

POOL IV

Account Number	Investment Manager	Amount	Transaction
740339	Vanguard Institutional Index	($6,000,000)	Sell VINIX and make following purchase and transfer
740056	Pool 1- Money Market	$6,000,000	Transfer Receipt

Should you need any further information or have any questions or concerns, please do not hesitate to contact UCF or our consultant, Dave West, or Kerry Richardville at 844-44-ANDCO.

Sincerely,

Bert Francis

Bert Francis
Treasurer

CC:
Gerald Hector, CFO
Danta White, Controller
Dave West and Kerry Richardville, Mariner

	Trailing Performance		
As of: June 30, 2023	1 Year	3 Year	5 Year
SPIA	1.97%	1.54%	2.08%
FIU	2.68%	2.27%	3.17%
UCF	4.64%	2.90%	4.18%
UF	2.10%	2.10%	2.40%
USF	3.80%	0.80%	1.60%
FSU	1.72%	1.36%	1.92%

	Trailing Performance		
As of: December 31, 2023	1 Year	3 Year	5 Year
SPIA	2.58%	1.60%	2.14%
FIU	6.49%	1.77%	3.93%
UF	4.90%	1.50%	3.00%
UCF	8.86%	1.76%	5.27%
USF	8.80%	1.80%	2.70%
FSU	3.20%	1.71%	2.15%

	Trailing Performance		
As of: March 31, 2024	1 Year	3 Year	5 Year
SPIA	2.85%	1.73%	2.18%
FIU	5.83%	2.04%	3.59%
UF	5.10%	1.90%	2.90%
UCF	8.55%	2.25%	4.77%
USF	9.00%	2.50%	2.40%
FSU	4.03%	2.02%	2.28%

Board of Trustees

Budget and Finance Committee

June 24, 2024

Agenda Item

INFO-2: Final University Audited Financial Statements

Proposed Board Action

This item is being presented for information 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: Final University Audited Financial Statements

Facilitators/Presenters

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

Final University Audited Financial Statements

EXECUTIVE SUMMARY

Objective

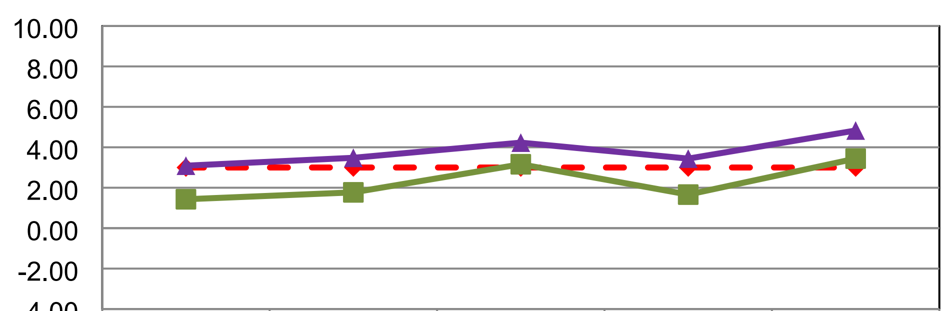
The Auditor General releases an annual financial report on the university. The draft of this report was presented to the committee during February 22, 2024, Budget and Finance Committee meeting. The Auditor General has completed its review and released the final report.

Summary of Key Discussion Topics and Questions

- There were no material changes in the final audited financial statements from the draft presented on February 22, 2024.
- For the period ended June 30, 2023, the university received an unqualified or "clean" audit opinion for the financial statements.
- The auditors did not identify any deficiencies in internal control that they would consider to be material weaknesses.
- The Composite Financial Index (CFI) is an overall financial measurement of an institution's health based on the four core ratios: Primary Reserve Ratio, Net Operating Revenues Ratio, Return on Net Position Ratio, and Viability Ratio. By blending these four key measures of financial health into a single number, a more balanced view of the state of the institution's finances is possible because a weakness in one measure may be offset by the strength of another measure.

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

Composite Financial Index**



	2018-19	2019-20	2020-21	2021-22	2022-23
Target	3.00	3.00	3.00	3.00	3.00
Actual - University and Component Units	1.43	1.77	3.16	1.66	3.44
Actual - University*	3.09	3.48	4.23	3.44	4.83

*Includes Blended Component Units (UCF Finance Corporation and UCF College of Medicine Self-Insurance Program)
**Excludes GASB 68 (Pension) and 75 (OPEB) impacts

Additional Background

N/A

Rationale

N/A

Implementation Plan

N/A

Resource Considerations

N/A

Conclusion

This item is being presented for information purposes only.

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2024-153
March 2024

UNIVERSITY OF CENTRAL FLORIDA

For the Fiscal Year Ended
June 30, 2023

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2022-23 fiscal year, Dr. Alexander Cartwright served as President of the University of Central Florida and the following individuals served as Members of the Board of Trustees:

[a] Student Body President.
[b] Faculty Senate Chair.

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

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

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

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

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

UNIVERSITY OF CENTRAL FLORIDA

TABLE OF CONTENTS

SUMMARY

Summary of Report on the Audit of the Financial Statements

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

Summary of Report on Internal Control and Compliance

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

Audit Objectives and Scope

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

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

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

Audit Methodology

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the University of Central Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Central Florida and of its aggregate discretely presented component units as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the blended and aggregate discretely presented component units. The financial statements of the blended component units represent 0.7 percent, 5 percent, 0.9 percent, and 0.17 percent, respectively, of the assets, liabilities, net position, and revenues reported for the University of Central Florida as of June 30, 2023. The financial statements of the aggregate discretely presented component units represent 100 percent of the transactions and account balances of the discretely presented component unit columns as of June 30, 2023. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the blended and aggregate discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

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

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

Emphasis of Matter

As discussed in Note 2. to the financial statements, the University adopted new accounting guidance Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is a change in accounting principle that addresses accounting and financial reporting for subscription-based information technology arrangements. This affects the comparability of amounts reported for the 2022-23 fiscal year with amounts reported for the 2021-22 fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such

procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of University Contributions – Florida Retirement System Pension Plan**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of University Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information** be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2024, on our consideration of the University of Central Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Central Florida's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
March 6, 2024

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

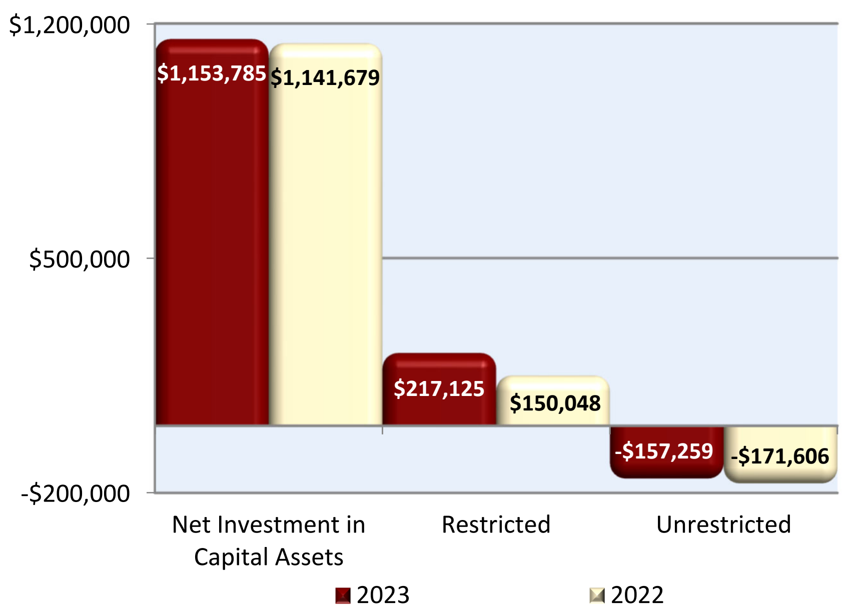
The University's assets and deferred outflows of resources totaled $2.6 billion at June 30, 2023. This balance reflects an $89.7 million, or 3.6 percent, increase as compared to the 2021-22 fiscal year, resulting primarily from an increase in amounts due from primary government related to capital appropriations, offset by decreases of deferred outflows of resources relating to other postemployment benefits. While assets and deferred outflows of resources grew, total liabilities and deferred inflows of resources decreased by $3.8 million, or 0.3 percent, totaling $1.4 billion at June 30, 2023. As a result, the University's net position increased by $93.5 million, resulting in a year-end balance of $1.2 billion.

The University's operating revenues totaled $571.1 million for the 2022-23 fiscal year, representing a 0.3 percent increase compared to the 2021-22 fiscal year. Operating expenses totaled $1.3 billion for the 2022-23 fiscal year, representing a decrease 0.03 percent as compared to the 2021-22 fiscal year.

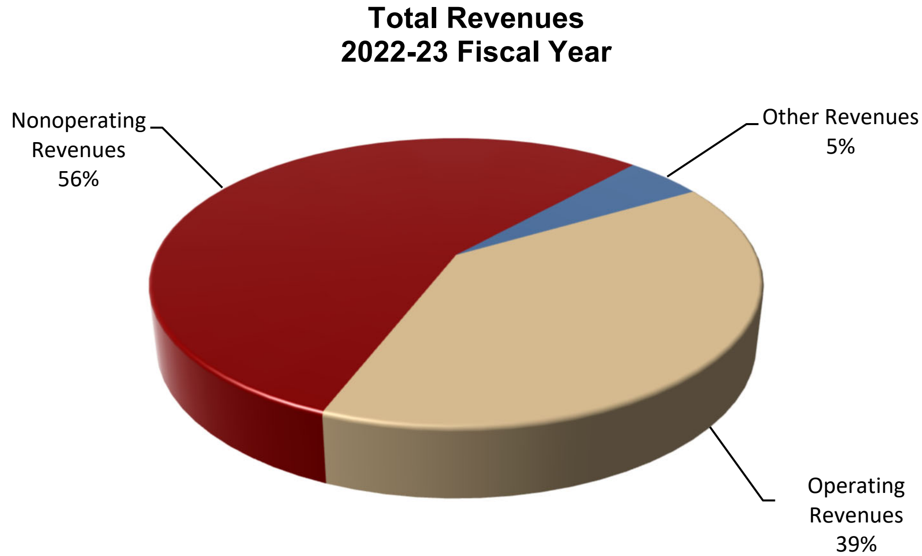
Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2023, and June 30, 2022, is shown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



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

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

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2023	2022
Assets		
Current Assets	$ 810,043	$ 700,434
Capital Assets, Net	1,437,927	1,427,426
Other Noncurrent Assets	107,995	128,924
Total Assets	2,355,965	2,256,784
Deferred Outflows of Resources	240,043	249,486
Liabilities		
Current Liabilities	144,164	141,522
Noncurrent Liabilities	922,101	854,951
Total Liabilities	1,066,265	996,473
Deferred Inflows of Resources	316,092	389,676
Net Position		
Net Investment in Capital Assets	1,153,785	1,141,679
Restricted	217,125	150,048
Unrestricted	(157,259)	(171,606)
Total Net Position	$ 1,213,651	$ 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 $69.8 million, or 7 percent, and deferred inflows of resources decreased by $73.6 million, or 18.9 percent. These changes were primarily related to increased amounts due from primary government and unrealized investment gains, increased pension liabilities, and reduced deferred inflows related to pensions, along with assets recognized due to GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), implementation.

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

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

The following summarizes the University's activity for the 2022-23 and 2021-22 fiscal years:

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

(In Thousands)

	2022-23	**2021-22**
Operating Revenues	$ 571,143	$ 569,439
Less, Operating Expenses	1,336,681	1,337,144
Operating Loss	(765,538)	(767,705)
Net Nonoperating Revenues	764,602	748,481
Loss Before Other Revenues	(936)	(19,224)
Other Revenues	71,373	10,814
Net Increase (Decrease) In Net Position	70,437	(8,410)
Net Position, Beginning of Year	1,120,121	1,128,495
Adjustment 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	$ 1,213,651	$ 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* (SBITA). For the 2021-22 fiscal year, the University's beginning net position was adjusted due to implementation of GASB Statement No. 87, *Leases*.

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

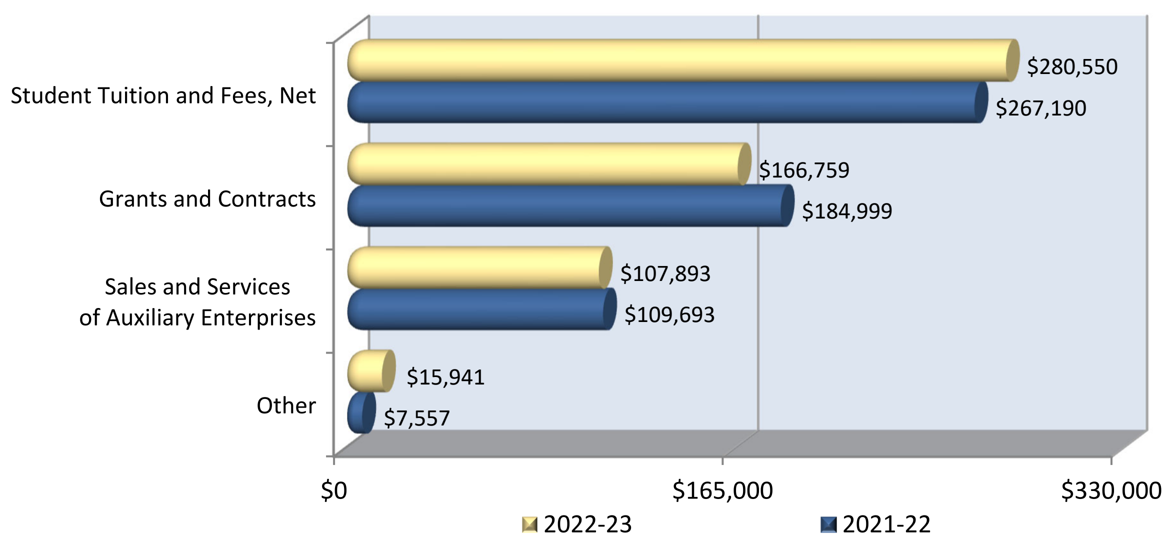
(In Thousands)

	2022-23	2021-22
Student Tuition and Fees, Net	$ 280,550	$ 267,190
Grants and Contracts	166,759	184,999
Sales and Services of Auxiliary Enterprises	107,893	109,693
Other	15,941	7,557
Total Operating Revenues	$ 571,143	$ 569,439

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

Operating Revenues

(In Thousands)



Student tuition and fees, net, increased $13.4 million or 5 percent as a result of the scholarship allowance declining. Grants and contracts decreased $18.2 million or 9.9 percent primarily due to the completion of a Federal grant during the 2022-23 fiscal year.

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

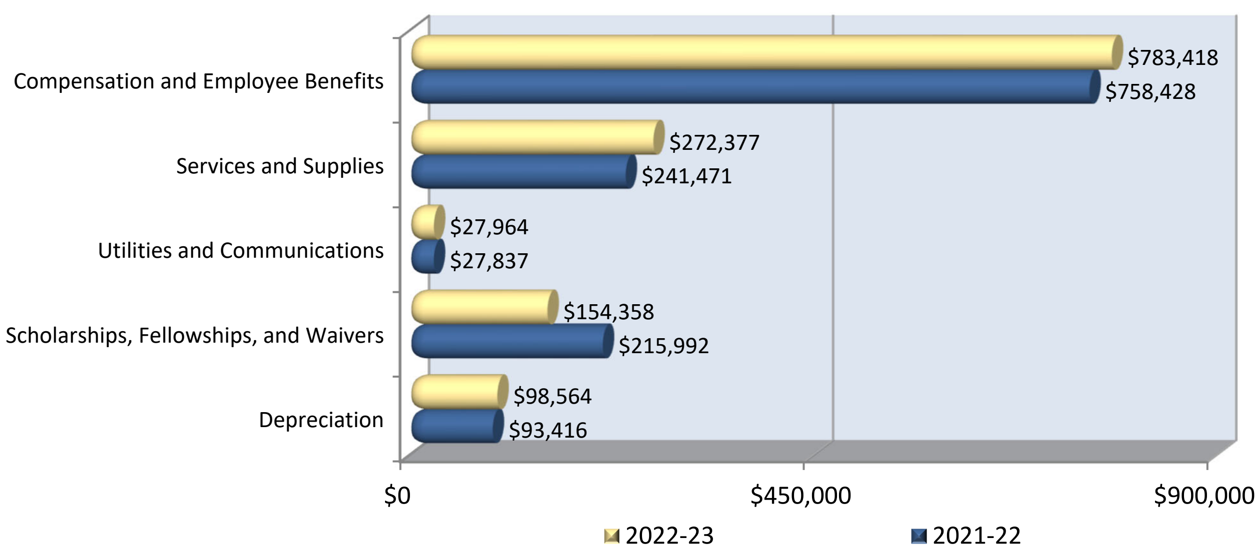
(In Thousands)

	2022-23	2021-22
Compensation and Employee Benefits	$ 783,418	$ 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	$ 1,336,681	$ 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)



Compensation and employee benefits increased by $25 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 $30.9 million, or 12.8 percent primarily due to an increase in information technology (IT) services and supplies to improve the University's IT infrastructure. Scholarships and fellowships decreased by $61.6 million, or 28.5 percent resulting from the reduction in HEERF 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, 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	266,714	337,372
Investment Income (Loss)	39,133	(35,815)
Other Nonoperating Revenues	99,086	121,223
Loss on Disposal of Capital Assets	(129)	(809)
Interest on Capital Asset-Related Debt	(6,030)	(5,919)
Other Nonoperating Expenses	(40,080)	(46,225)
Net Nonoperating Revenues	$ 764,602	$ 748,481

Net nonoperating revenues increased by $16.1 million, or 2.2 percent, primarily due to increases in State noncapital appropriations and investment income, offset by decreases in Federal and State student financial aid and other nonoperating revenues. Investment income increased by $74.9 million primarily due to unrealized gains from changes in fair market valuations of investments since the prior year. Other nonoperating revenue decreased by $22.1 million primarily due to a 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
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
Total	$ 71,373	$ 10,814

State capital appropriations increased by $61.1 million, due to funds received for a College of Nursing building ($29 million) and deferred maintenance projects ($32.1 million).

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 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 ($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 totaling ($307.7 million), disbursements to students for the Federal Direct Loan Program totaling ($179.8 million), and payments to students for scholarships and fellowships totaling ($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	1,025,645	1,056,371
Infrastructure and Other Improvements	38,235	40,646
Furniture and Equipment	45,182	37,090
Library Resources	30,865	31,518
Subscription-Based Information Technology Arrangements	43,034	-
Leasehold Improvements	7,531	8,482
Lease Assets	152,088	170,016
Computer Software and Other Capital Assets	282	-
Works of Art and Historical Treasures	316	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	$ 101,005
Completed to Date	(51,733)
Balance Committed	$ 49,272

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 and notes payable, and right-to-use 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 and Notes Payable	50,247	52,997
Right-to-Use 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 2023-24 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 2023-24 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 percent from the 2021-22 fiscal year to the 2022-23 fiscal year. The increase was primarily due to a 5.9 percent 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 enrollment. 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.

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

June 30, 2023

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 259,525,730	$ 53,993,994
Restricted Cash and Cash Equivalents	3,422,573	-
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 Units	8,704,917	2,623,556
Due from University	-	53,159,513
Inventories	7,471,578	133,746
Other Current Assets	8,253,114	3,958,513
Total Current Assets	810,043,207	145,946,780
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	4,119,959	21,926,777
Restricted Investments	40,113,014	339,210,995
Loans, Leases, and Notes Receivable, Net	54,255,978	200,598,540
Depreciable Capital Assets, Net	1,342,960,249	170,062,725
Nondepreciable Capital Assets	94,966,868	64,504,703
Due from Component Units	3,558,873	9,000,000
Other Noncurrent Assets	5,947,210	1,519,054
Total Noncurrent Assets	1,545,922,151	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 Refundings	9,532,476	3,649,911
Total Deferred Outflows of Resources	240,042,575	3,649,911
LIABILITIES		
Current Liabilities:		
Accounts Payable	10,734,235	10,587,632
Construction Contracts Payable	3,628,675	-
Salary and Wages Payable	17,792,309	-
Deposits Payable	5,741,866	-
Due to Component Units	53,159,513	2,623,556
Due to University	-	8,704,917
Unearned Revenue	14,466,493	30,169,078
Other Current Liabilities	1,062,934	4,240,081
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	6,125,000	-
Bonds Payable	-	11,341,000
Loans and Notes Payable	2,816,000	6,017,000
Right-To-Use Leases Payable	2,435,837	263,192
Right-To-Use Leases Payable - Component Units	10,855,889	3,641,484
Right-To-Use SBITA	2,011,595	-
Compensated Absences Payable	5,912,053	195,022
Other Postemployment Benefits Payable	7,421,342	-
Total Current Liabilities	144,163,741	77,782,962

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	68,082,860	-
Bonds Payable	-	166,249,210
Loans and Notes Payable	47,431,000	61,031,000
Right-to-Use Leases Payable	29,130,613	4,133,235
Right-to-Use Leases Payable - Component Units	112,735,636	65,942,702
Right-to-Use SBITA	20,279,804	-
Compensated Absences Payable	59,777,429	677,462
Other Postemployment Benefits Payable	287,493,641	-
Net Pension Liability	296,386,315	-
Unearned Revenue	-	33,627
Due to Component Units	-	9,000,000
Due to University	-	3,558,873
Other Noncurrent Liabilities	784,271	8,190,403
Total Noncurrent Liabilities	922,101,569	318,816,512
Total Liabilities	1,066,265,310	396,599,474
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	241,083,875	-
Pensions	19,240,828	-
Leases	55,767,307	169,266,575
Total Deferred Inflows of Resources	316,092,010	169,266,575
NET POSITION		
Net Investment in Capital Assets	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	(157,258,918)	(24,649,906)
TOTAL NET POSITION	$ 1,213,650,613	$ 390,553,436

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

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

For the Fiscal Year Ended June 30, 2023

	University	Component Units
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 (Pledged for Capital Improvement Debt: $29,915,169 Pledged for Housing and $6,870,443 for Parking)	107,893,434	-
Gifts and Donations	-	81,639,108
Interest on Loans and Notes Receivable	910,553	-
Other Operating Revenues (Pledged for Capital Improvement Debt: $441,050 for Parking)	15,030,355	157,325,750
Total Operating Revenues	571,142,598	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	27,963,529	-
Scholarships, Fellowships, and Waivers	154,358,240	-
Depreciation	98,564,058	8,759,065
Total Operating Expenses	1,336,680,611	186,711,876
Operating Income (Loss)	(765,538,013)	52,252,982
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	405,907,976	-
Federal and State Student Financial Aid	266,713,867	-
Investment Income	39,133,196	1,100,471
Other Nonoperating Revenues	99,086,482	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	764,602,143	31,960,495
Income (Loss) Before Other Revenues	(935,870)	84,213,477
State Capital Appropriations	70,378,061	-
Capital Grants, Contracts, Donations, and Fees	994,815	-
Additions to Permanent Endowments	-	5,154,550
Total Other Revenues	71,372,876	5,154,550
Increase in Net Position	70,437,006	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	$ 1,213,650,613	$ 390,553,436

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

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

For the Fiscal Year Ended June 30, 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 Auxiliary Enterprises	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)
Net Loans Issued to Students	(233,076)
Other Operating Receipts	32,440,554
Net Cash Used by Operating Activities	(674,832,506)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	405,907,976
Federal and State Student Financial Aid	266,713,867
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	50,480,292
Net Cash Provided by Noncapital Financing Activities	731,924,664
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	11,316,577
Capital Grants, Contracts, Donations and Fees	4,530,113
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 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 by Investing Activities	227,586,579
Net Increase 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 on investments were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 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 Units. Based on the application of the criteria for determining components units, the UCF Finance Corporation (Corporation) and the University of Central Florida College of Medicine Self-Insurance Program (Program) are included within the University's reporting entity as blended component units, and are therefore reported as if they are part of the University. The Corporation's purpose is to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. The program's purpose is to provide comprehensive general liability and professional liability coverage for the University's Trustees and students for claims and actions arising from clinical activities of the College of Medicine, College of Nursing, UCF Health services, College of Health Professions and Sciences (previously included in the College of Health and Public Affairs), and the Central Florida Clinical Practice Organization, Inc, faculty, staff, and resident physicians. Condensed financial statements for the University's blended component units are shown in a subsequent note. The condensed financial statements are reported net of eliminations.

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

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

- University of Central Florida Foundation, Inc. is a not-for-profit Florida Corporation whose principal function is to provide charitable and educational aid to the University.
- University of Central Florida Research Foundation, Inc. was organized to promote and encourage, as well as assist in, the research activities of the University's faculty, staff, and students.
- UCF Athletics Association, Inc. was organized to promote intercollegiate athletics to benefits the University and surrounding communities.
- UCF Convocation Corporation was created to finance and construct a convocation center, and to manage the Towers students 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 objective of the College of Medicine.
- Limbitless Solutions, Inc. (LSI) is a not-for-profit Florida Corporation whose purpose is to develop affordable open-source 3D printed bionic solutions for individuals with disabilities, increase accessibility with art infused bionics, and to promote access and engagement in STEM/STEAM education. Financial activities of this component unit are not included in the University's financial statements as the total assets related to this component unit represent less than one percent of the total aggregate component units' assets. On May 22, 2023, the LSI Board of Directors adopted a resolution approving the corporate dissolution of LSI and a plan of distribution for its assets, subject to the University Board's approval of LSI's decertification. On June 29, 2023, the University Board voted to decertify LSI as a direct-support organization.

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

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

- Management's Discussion and Analysis

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

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

The University's blended and discretely presented component units use the economic resources measurement focus and the accrual basis of accounting and 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 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 markets funds, and investments with original maturities of three months or less. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by the Federal Deposit Insurance Corporation (FDIC), up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. The University also holds $212,620,865 in money markets funds and short-term investments. The money markets 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 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, $17,969,457, 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 markets accounts, and cash deposits. At June 30, 2023, approximately $14,105,921 in cash deposits were not insured by FDIC and were not collateralized.
- **UCF Athletics Association, Inc.** – The Association does not have a deposit policy for custodial credit risk, although all demand deposits with banks are insured up to the FDIC limits. As of June 30, 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 FDIC 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 FDIC 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, leasehold improvements, lease assets, subscription-based information technology arrangements, works of art and historical treasures, computer software, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of $4 million for intangible assets, which includes computer software 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 lessor of the remaining lease term, or the estimated useful life of the improvements
- Right-To-Use Lease Assets – the lesser of the lease term or the useful life of the underlying asset

- Right-To-Use 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, leases receivable or deferred inflows of resources on the statement of net position. Instead, the University recognizes these lease payments as outflows or inflows of resources respectively.

Subscription-Based Information Technology Arrangements. The University determines if an arrangement is a subscription-based information technology arrangements (SBITA) at inception. SBITAs 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, loans and notes payable, right-to-use leases payable, right-to-use SBITA, 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, *Subscription-Based Information Technology Arrangements*. The statement addresses accounting and financial reporting for subscription-based information technology arrangements 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 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	252,165,233
Total	$ (157,258,918)

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

	Amount
Total Unrestricted Net Position Before Recognition of Certain Long-Term Liabilities and Deferred Outflows and Deferred Inflows of Resources	$ 529,546,466
Amount Expected to be Paid in Future Years:	
Compensated Absences Payable	65,689,482
Other Postemployment Benefits Payable and Related Deferred Outflows and Deferred Inflows of Resources	412,542,987
Net Pension Liability and Related Deferred Outflows and Deferred Inflows of Resources	208,572,915
Total Amount Expected to be Paid in Future Years	686,805,384
Total Unrestricted Net Position	$ (157,258,918)

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 and certain Federal agency obligations 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	-
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 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	$ -
Domestic - Fixed Income	2,743,122	-	-	2,743,122	2,743,122	-	-
Equity - International	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	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 funds include 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 hedge funds class 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 funds 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 hedge funds class includes investments in debt instruments and options on equities. The equities options provide investors with principal protection while providing exposure to equities. Returns are dependent on performance of the equity's options. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

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

Real Estate: Real estate includes 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 Pool.

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 Annual Comprehensive 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 Annual Comprehensive Financial Report.

Other Investments.

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

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(16), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due. Investments of the University and its component units in debt securities, bond mutual funds, and debt related hedge funds, and their future maturities at June 30, 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	47,722,955	11,363,327	49,925,208	5,736,956
Mutual Funds - Bonds	7,538,524	-	7,538,524	-	-
Total	$ 166,778,794	$ 84,515,116	$ 26,601,514	$ 49,925,208	$ 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	6,265,099
Total Accounts Receivable	$ 75,178,241

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 fiscal 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 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 and maintenance 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	51,732,628
Total Nondepreciable Capital Assets	$ 83,138,876	$ -	$ 35,102,562	$ 23,274,570	$ 94,966,868
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
Right-To-Use Lease Assets	184,735,600	-	677,390	3,232,113	182,180,877
Right-To-Use SBITA (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	77,487,010	9,259,847	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	-	15,727,408	5,843,216	240,465,367
Library Resources	133,875,925	-	5,538,460	-	139,414,385
Leasehold Improvements	11,695,330	-	1,309,278	-	13,004,608
Right-To-Use Lease Assets	14,719,467	-	15,448,559	74,679	30,093,347
Right-To-Use SBITA (1)	-	-	4,303,370	-	4,303,370
Works of Art and Historical Treasures	1,513,600	-	64,726	-	1,578,326
Computer Software and Other Capital Assets	7,850,435	-	43,353	-	7,893,788
Total Accumulated Depreciation	1,121,208,831	-	98,564,058	5,917,895	1,213,854,994
Total Depreciable Capital Assets, Net	$ 1,344,286,479	$ 23,092,770	$ (21,077,048)	$ 3,341,952	$ 1,342,960,249

(1) Subscription-based information technology arrangement assets were added due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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	$ 10,739,157
Grant and contracts	2,284,576
Student Tuition and Fees	1,442,760
Total Unearned Revenue	$ 14,466,493

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 fiscal 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 Programs. Total deferred outflows of resources related to OPEB were $123,455,871 and deferred inflows of resources related to OPEB were $241,083,875 for the fiscal year ended June 30, 2023. Note 11. includes a complete discussion of OPEB.

The deferred inflows related to leases as calculated in accordance with GASB Statement No. 87, *Leases*. Total deferred inflows of resources related to leases were $55,767,307 for the fiscal 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 fiscal year ended June 30, 2023. The deferred loss was created as a result of the Corporation's debt refinancing and will be amortized as a component of interest expense over the remaining life of the Corporation's Series 2017 refunding term loan. Note 11. includes a complete discussion of the Corporation's debt refinancing.

11. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2023, include capital improvement debt payable, loan payable, right-to-use leases payable, right-to-use SBITA, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities. Long-term liabilities activity for the fiscal year ended June 30, 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
Loan Payable	52,997,000	-	2,750,000	50,247,000	2,816,000
Right-To-Use Leases Payable	170,933,123	677,390	16,452,538	155,157,975	13,291,726
Right-To-Use SBITA	-	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	-
Other Noncurrent Liabilities	1,961,226	773,580	1,950,535	784,271	-
Total Long-Term Liabilities	$ 890,433,402	$ 590,834,901	$ 521,589,018	$ 959,679,285	$ 37,577,716

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 4	2032
2018A- Parking Garage	4,790,000	970,775	5	2024
2019A- Parking Garage	6,120,000	4,956,586	5	2029
Total Parking Garage Debt	18,770,000	10,485,023		
Total Capital Improvement Debt	$ 84,840,000	$ 74,207,860		

(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 $80,008,056 and principal and interest paid for the current fiscal year totaled $8,745,737. During the 2022-23 fiscal year, operating revenues generated from housing rental and parking revenues totaled $29,915,169 and $23,239,729, respectively.

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	2,304,238	7,789,238
2026	5,755,000	2,033,288	7,788,288
2027	6,045,000	1,748,638	7,793,638
2028	5,195,000	1,478,163	6,673,163
2029-2033	17,590,000	4,088,937	21,678,937
2034-2038	9,305,000	1,556,886	10,861,886
2039-2042	8,320,000	366,293	8,686,293
Subtotal	63,820,000	16,188,056	80,008,056
Net Discounts and Premiums	10,387,860	-	10,387,860
Total	$ 74,207,860	$ 16,188,056	$ 90,395,916

Loan Payable. During the 2017-18 fiscal year, one of the University's blended component units, the 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 tern 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.

Annual requirements to amortize the outstanding term loans 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

Right-To-Use Leases Payable. The University follows GASB Statement No. 87, *Leases*. Space and equipment are leased from external parties and the University's discretely presented component units for various terms under long-term, non-cancelable agreements. The leases expire at various dates and provide renewal options ranging from 1 to 25 years. The expected payments are discounted using the interest rate changed 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:

		Non-Component Units		Component Units	
Fiscal Year Ending June 30	**Total**	**Principal**	**Interest**	**Principal**	**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	65,095,405	13,463,222	4,321,903	46,074,643	1,235,637
Total Minimum Lease Payments	$ 171,999,990	$ 31,566,450	$ 11,561,608	$ 123,591,525	$ 5,280,407

Right-To-Use Subscription Arrangement Liability. The University has an 11-year SBITA liability for the right to use Workday enterprise resource planning system totaling $22,291,399. The University has discounted the future minimum payments using its incremental borrowing rate of 2.76 percent. Future minimum payments under 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 3.760109175 percent, which was a 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, average, including inflation
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 the 2023, decreasing to an ultimate rate for 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 Index Rate as of the measurement date, as required under GASB Statement No. 75. The discount rate increased from 2.18 percent to 4.09 percent.
- The census data reflects changes in status for the 24-month period since July 1, 2020.
- The medical trend assumption is updated each year based on the Getzen Model. Medical trend rates used are consistent with the August 2022 Report on Financial Outlook of the Plan along with information from the Getzen Model and actuarial judgment. 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	192,690,385
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	81,794,800	16,139,343
Transactions subsequent to the measurement date	7,559,934	-
Total	$ 123,455,871	$ 241,083,875

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 fiscal year ending June 30, 2024. 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	(11,062,863)
Total	$ (125,187,938)

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 Contributions (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 $784,271 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 Series 2015A bonds will mature on October 1, 2035, and bear interest at fixed rates ranging from 3 to 5 percent per annum and the Series 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 30 days following written notice from the other party, such failure shall constitute a default under the terms and provisions of the agreements. In the event of default, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. In any event of default, the Refunding Revenue Bonds are not subject to any acceleration clauses.

The University entered into an operating agreement with the UCF Convocation Corporation whereby the UCF Convocation Corporation will be solely responsible for management and operations of the convocation center and related facilities. The University assigned its rights, title, and interest in revenues generated from use of the facilities to the UCF Convocation Corporation and granted it the right to pledge revenues to secure repayment of the refunding revenue bonds. The University retained the right for priority use of the facilities for a period of at least 100 days annually. In exchange, the University agreed to pay UCF Convocation Corporation $2,200,000 per year for the term of the agreement. The term of the agreement ends in 2036 and cannot be terminated prior to the time that all related bonds have been paid in full. Amounts paid to UCF Convocation Corporation for the fiscal year ended June 30, 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, 2023, 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 Athletic Conference. In the event of default, the lender may declare the loan and all obligations to be fully due and payable in their aggregate amount, together with accrued interest and all prepayment premiums, fees, and charges. The note is subject to acceleration if the lender reasonably deems itself insecure for any reason. As of June 30, 2023, the amount outstanding on the note was $4,455,000.

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.

Due to University – Component Units.

Four of its component units reported moneys due to the University totaling $12,263,790. 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

General Information about the Florida Retirement System (FRS).

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option

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

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

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

FRS Pension Plan

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class* – 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:

Class	Percent of Gross Salary 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 $28,651,666 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 0.035203959 from its proportionate share measured as of June 30, 2021.

For the fiscal 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	8,317,388
University FRS contributions subsequent to the measurement date	28,651,666	-
Total	$ 96,576,114	$ 8,317,388

The deferred outflows of resources totaling $28,651,666, 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	3,040,824
Total	$ 59,607,060

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.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 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 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
HVAC	$ 27,407,558	$ 12,520,461	$ 14,887,097
Partnership IV B	9,082,652	453,337	8,629,315
Partnership V	6,331,526	2,064,889	4,266,637
College of Nursing	3,706,359	706,208	3,000,151
Football Stadium Upgrades	2,767,290	140,700	2,626,590
Fire Alarm Replacement	2,249,302	265,115	1,984,187
Library Renovation	17,156,927	15,569,487	1,587,440
Partnership IV A	1,617,420	41,270	1,576,150
Subtotal	70,319,034	31,761,467	38,557,567
Other Projects (1)	30,685,968	19,971,161	10,714,807
Total	$ 101,005,002	$ 51,732,628	$ 49,272,374

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

15. State Self-Insurance Program

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 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 for flood and $38.6 million for named windstorm 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 to $184.8 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 as described above.

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	171,414,555
Public Services	27,293,626
Academic Support	136,015,790
Student Services	62,987,564
Institutional Support	117,675,871
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 and Parking facilities represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Housing Capital Improvement Debt	Parking Capital Improvement Debt
Assets		
Current Assets	$ 19,591,928	$ 29,991,508
Capital Assets, Net	75,750,223	60,309,971
Other Noncurrent Assets	7,936,095	7,835,348
Total Assets	103,278,246	98,136,827
Liabilities		
Current Liabilities	6,506,174	2,888,350
Noncurrent Liabilities	59,542,837	8,540,024
Total Liabilities	66,049,011	11,428,374
Net Position		
Net Investment in Capital Assets	12,045,189	45,789,228
Restricted - Expendable	8,457,658	8,758,640
Unrestricted	16,726,388	32,160,585
Total Net Position	$ 37,229,235	$ 86,708,453

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

	Housing Capital Improvement Debt	Parking Capital Improvement Debt
Operating Revenues	$ 29,915,169	$ 23,239,730
Depreciation Expense	(4,469,569)	(3,241,743)
Other Operating Expenses	(18,732,897)	(15,909,352)
Operating Income	6,712,703	4,088,635
Nonoperating Revenues (Expenses):		
Nonoperating Expense	(15,878)	(32,409)
Interest Expense	(1,753,078)	(480,482)
Other Nonoperating Revenue	51,610	-
Net Nonoperating Expenses	(1,717,346)	(512,891)
Other Revenues, Expenses, Gains and Losses	295,964	(1,918,824)
Increase in Net Position	5,291,321	1,656,920
Net Position, Beginning of Year	31,937,914	85,051,533
Net Position, End of Year	$ 37,229,235	$ 86,708,453

Condensed Statement of Cash Flows

	Housing Capital Improvement Debt	Parking Capital Improvement Debt
Net Cash Provided (Used) by:		
Operating Activities	$ 10,636,849	$ 7,758,618
Noncapital Financing Activities	(1,674)	(2,539,234)
Capital and Related Financing Activities	(7,740,770)	(2,671,190)
Investing Activities	(6,598,060)	(112,022)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,703,655)	2,436,172
Cash and Cash Equivalents, Beginning of Year	4,312,761	5,899,049
Cash and Cash Equivalents, End of Year	$ 609,106	$ 8,335,221

19. Blended Component Units

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

Condensed Statement of Net Position

	Blended Component Units					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units	University	Eliminations	Total Primary Government
Assets:						
Other Current Assets	$ 3,422,573	$ 13,228,986	$ 16,651,559	$ 793,391,648	$ -	$ 810,043,207
Capital Assets, Net	-	-	-	1,437,927,117	-	1,437,927,117
Due From University / Blended CU	38,036,514	-	38,036,514	-	(38,036,514)	-
Other Noncurrent Assets	-	-	-	107,995,034	-	107,995,034
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	2,515,067	5,934,031	138,229,710	-	144,163,741
Due to University/Blended CU	-	-	-	38,036,514	(38,036,514)	-
Noncurrent Liabilities	47,431,000	-	47,431,000	874,670,569	-	922,101,569
Total Liabilities	50,849,964	2,515,067	53,365,031	1,050,936,793	(38,036,514)	1,066,265,310
Deferred Inflows of Resources	-	-	-	316,092,010	-	316,092,010
Net Position:						
Net Investment in Capital Assets	-	-	-	1,153,784,682	-	1,153,784,682
Restricted - Expendable	141,599	10,713,919	10,855,518	206,269,331	-	217,124,849
Unrestricted	-	-	-	(157,258,918)	-	(157,258,918)
Total Net Position	$ 141,599	$ 10,713,919	$ 10,855,518	$ 1,202,795,095	$ -	$ 1,213,650,613

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

	Blended Component Units					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units	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 Loss	(19,478)	(178,509)	(197,987)	(762,858,064)	(2,481,962)	(765,538,013)
Nonoperating Revenues (Expenses):						
Nonoperating Revenue	1,901,702	591,763	2,493,465	808,218,885	-	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	14,883	591,763	606,646	761,513,535	2,481,962	764,602,143
Other Revenues	-	-	-	71,372,876	-	71,372,876
Increase (Decrease) in Net Position	(4,595)	413,254	408,659	70,028,347	-	70,437,006
Net Position, Beginning of Year	146,194	10,300,665	10,446,859	1,109,673,978	-	1,120,120,837
Adjustment to Beginning Net Position (1)	-	-	-	23,092,770	-	23,092,770
Net Position, Beginning of Year, as Restated	146,194	10,300,665	10,446,859	1,132,766,748	-	1,143,213,607
Net Position, End of Year	$ 141,599	$ 10,713,919	$ 10,855,518	$ 1,202,795,095	$ -	$ 1,213,650,613

(1) Adjustment due to implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Condensed Statement of Cash Flows

	Blended Component Units					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units	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	24,000	-	-	729,442,702	2,481,962	731,924,664
Capital and Related Financing Activities	-	-	24,000	(74,816,464)	-	(74,792,464)
Investing Activities	23,917	(198,165)	(174,248)	227,760,827	-	227,586,579
Net Increase in Cash and Cash Equivalents	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 Units

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

Condensed Statement of Net Position

	Direct-Support Organizations				
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation
Assets:					
Current Assets	$ 38,802,687	$ 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	104,900,030	-	-	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
$ 1,769,514	$ 135,147,953	$ 10,798,827	$ 145,946,780
46,666,666	234,420,257	147,171	234,567,428
46,398,993	572,255,366	-	572,255,366
94,835,173	941,823,576	10,945,998	952,769,574
-	3,649,911	-	3,649,911
2,224,902	77,171,538	611,424	77,782,962
43,500,000	318,816,512	-	318,816,512
45,724,902	395,988,050	611,424	396,599,474
31,079,820	169,266,575	-	169,266,575
-	93,976,005	147,171	94,123,176
-	156,006,374	-	156,006,374
-	165,073,792	-	165,073,792
18,030,451	(34,837,309)	10,187,403	(24,649,906)
$ 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.	University 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	15,728,621	11,090,038	607,919
Interest Expense	-	-	(914,443)	(4,825,429)	(1,402,927)
Other Nonoperating Expenses	-	-	-	(884,204)	(112,669)
Net Nonoperating Revenues (Expenses)	11,557,929	1,084,758	14,814,178	5,380,405	(907,677)
Other Revenues, Expenses, Gains, and Losses	5,154,550	-	-	-	-
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)
Net Position, End of Year	$ 465,234,992	$ 14,806,849	$ 18,481,134	$ (103,400,494)	$ (32,934,070)

	Other		
UCF Academic Health, Inc.	Total Direct-Support Organizations	Central Florida Clinical Practice Organization Inc.	Total
$ 3,618,138	$ 229,291,698	$ 9,673,160	$ 238,964,858
(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	51,080,731	1,172,251	52,252,982
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	88,945,350	422,677	89,368,027
15,768,778	291,273,512	9,911,897	301,185,409
$ 18,030,451	$ 380,218,862	$ 10,334,574	$ 390,553,436

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 to the State Board of 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 Series 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 Series 2012A bonds following redemption of those bonds and for the Series 2018A and Series 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.

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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	$ 28,651,666	$ 27,577,192	$ 23,278,684	$ 21,542,453
FRS contributions in relation to the contractually required contribution	(28,651,666)	(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 Standard & Poor's Municipal Bond Index Rate as of the measurement date, as required under GASB Statement No. 75. The discount rate increased from 2.18 percent to 4.09 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.

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Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the University of Central Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 6, 2024, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the blended and aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 6, 2024

Board of Trustees

Budget and Finance Committee

June 24, 2024

Agenda Item

INFO-3: UCF Athletics Association Memorandum of Understanding Release

Proposed Board Action

This item is being presented for information purposes only.

Authority for Board of Trustees Action

N/A

Supporting Documentation Included
N/A
Facilitators/Presenters
Gerald Hector, Senior Vice President for Administration and Finance Terry Mohajir, Vice President and Athletics Director

UCF Athletics Association Memorandum of Understanding Release

EXECUTIVE SUMMARY

Objective

This item is to inform the Committee of the termination and release agreement (“Agreement”) concerning a memorandum of understanding (“MOU”) between the University, the UCF Athletics Association, Inc. (“Athletics”), and the UCF Foundation, Inc. (“Foundation”).

The Agreement will result in the release of Athletics from a Loan Obligation (defined below) owed to the Foundation.

Summary of Key Observations/Recommendations

Upon execution of the Agreement, Athletics will be released from the Loan Obligation and the MOU will be terminated.

Additional Background

On December 18, 2020, the University, Foundation, and Athletics entered into the MOU to mitigate the negative financial impact of the COVID-19 pandemic on Athletics. The MOU established an internal line of credit for Athletics to draw upon Foundation funds to assist in operations.

The line of credit was initially $4 million, payable in eighteen (18) months and accruing simple interest at a rate of three percent (3%) per annum. On September 10, 2021, the Foundation agreed to increase the line of credit to $10 million and extend the term to September 10, 2024, subject to two (2) additional twelve-month renewal periods.

Athletics has drawn $9 million on the line of credit, and $700,000 has been accrued in interest, which will be payable in full on September 10, 2024 (“Loan Obligation”).

On May 31, 2024, the Foundation Board of Directors authorized Foundation leadership to enter into the Agreement. The Athletics Board of Directors approved the dissolution of the MOU on June 5, 2024.

Rationale

- The business landscape of college athletics has become less clear such that the University and Athletics desire financial flexibility to navigate potentially more changes in the business model of Power Four college sports.
- Athletics is a critical component of the University’s strategic plan to tell the University’s story and that of its athletes, students, faculty, staff, and the Central Florida community.

- Athletics has consistently provided meaningful contributions to the overall fundraising success of the University and accounts for eighteen percent (18%) of university donors and forty-four percent (44%) of overall giving to the University.

Implementation Plan

N/A

Resource Considerations

The Foundation utilized reserves to fund the $9 million draw against the internal loan to the Athletics Association. The Foundation's operating reserves include carryforward net earnings from prior-year activity. At the time of the draws, the Foundation's reserves met the required balances mandated by the reserve policy. Upon execution of the Agreement, the Foundation's reserves will meet the reserve policy.

The University has no additional financial impact as a result of the Agreement.

Conclusion

This item is being brought to the Committee for informational purposes.