STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2023-133
March 2023

UNIVERSITY OF CENTRAL FLORIDA

For the Fiscal Year Ended
June 30, 2022

Sherrill F. Norman, CPA
Auditor General

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

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

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

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UNIVERSITY OF CENTRAL FLORIDA

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SUMMARY

Summary of Report on the Audit of the Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

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

Audit Methodology

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

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the University of Central Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Central Florida and of its aggregate discretely presented component units as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the blended and aggregate discretely presented component units. The financial statements of the blended component units represent 0.7 percent, 5.6 percent, 0.9 percent, and 0.02 percent, respectively, of the assets, liabilities, net position, and revenues reported for the University of Central Florida. The financial statements of the aggregate discretely presented component units represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the blended and aggregate discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023, on our consideration of the University of Central Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Central Florida's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

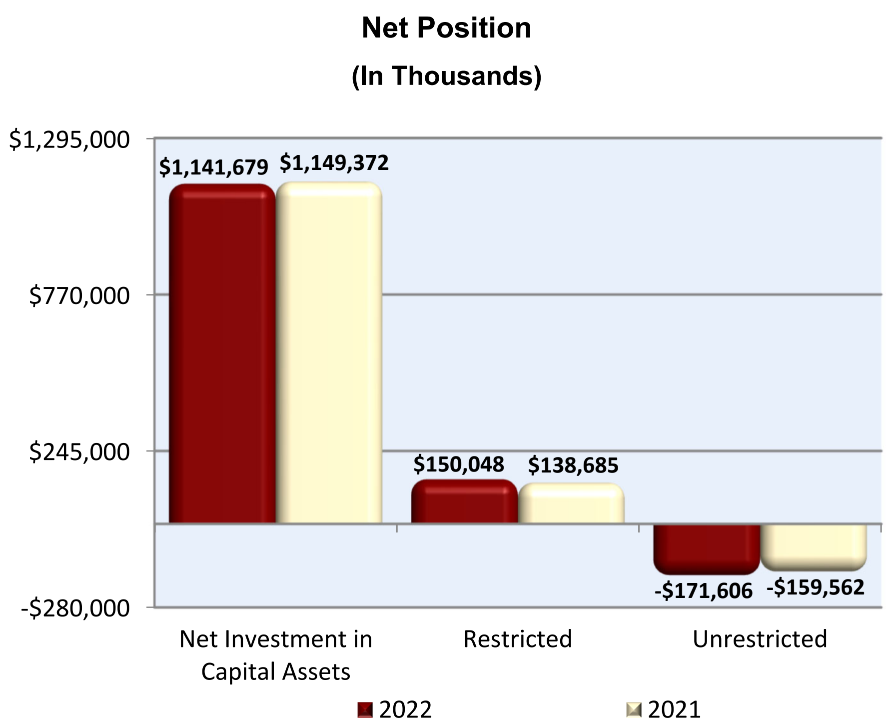
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2022, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto,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

FINANCIAL HIGHLIGHTS

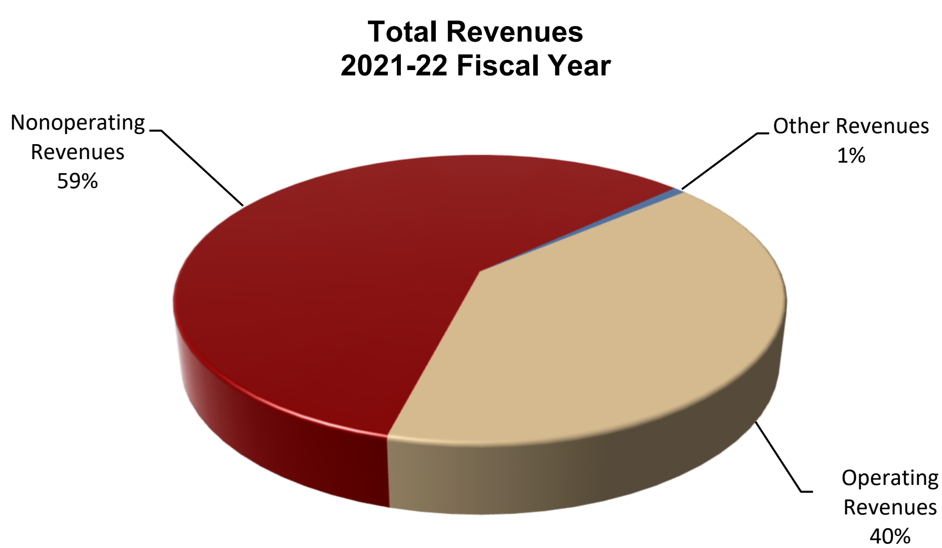
The University's assets and deferred outflows of resources totaled \$2.5 billion on June 30, 2022. This balance reflects a \$133.8 million, or 5.6 percent, increase as compared to June 30, 2021, resulting primarily from recognizing lease receivables and lease assets due to implementation of Governmental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

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

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



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



Overview of Financial Statements

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

- Blended Component Units

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

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

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

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

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

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

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

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

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

(In Thousands)

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

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

Operating Revenues

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

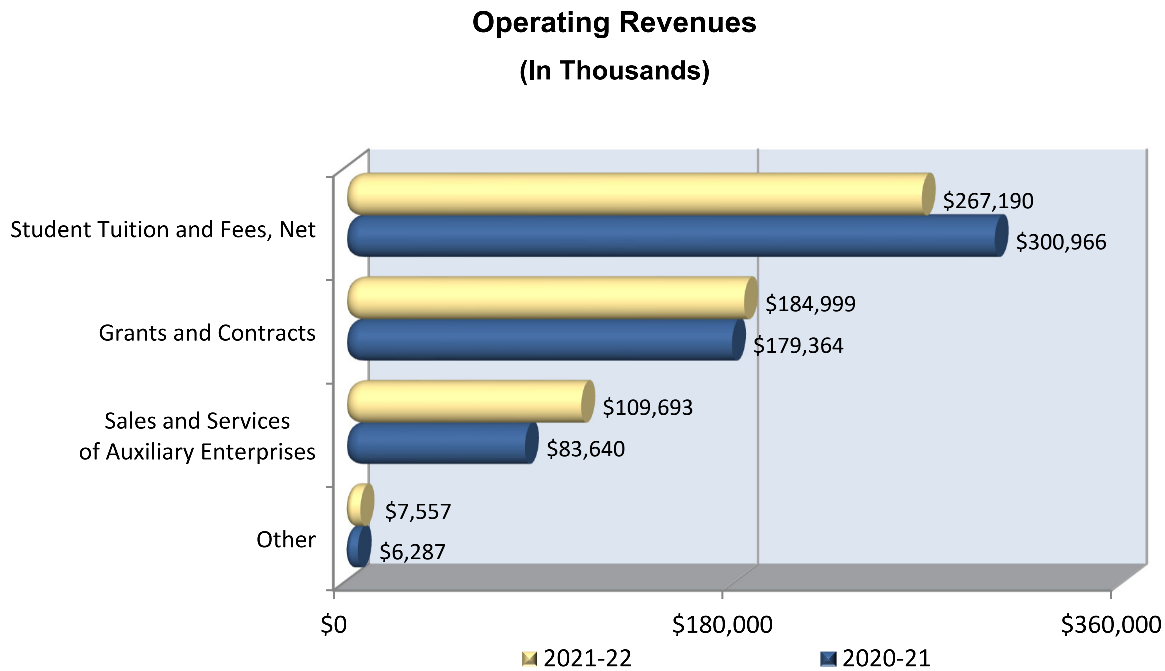
The following summarizes the operating revenues by source that were used to fund operating activities for the 2021-22 and 2020-21 fiscal years:

Operating Revenues
For the Fiscal Years

(In Thousands)

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

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



Operating Expenses

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

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

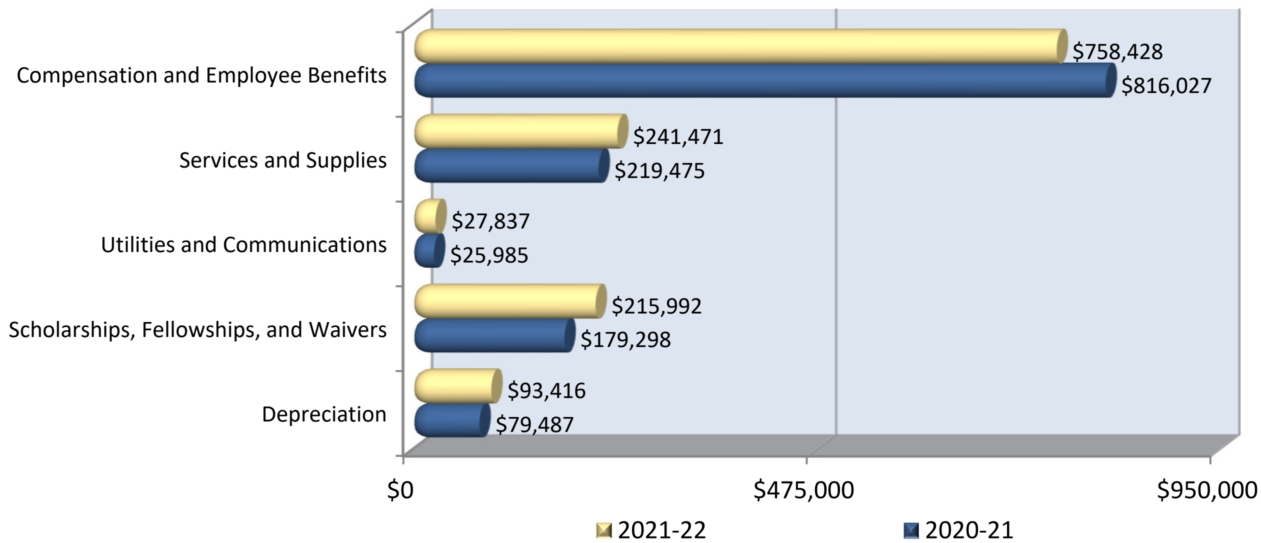
Operating Expenses
For the Fiscal Years

(In Thousands)

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

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

Operating Expenses
(In Thousands)



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

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2021-22 and 2020-21 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

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

Net nonoperating revenues increased by $33.2 million, or 4.7 percent, primarily due to increases in other nonoperating revenues and Federal and State student financial aid. Other nonoperating revenues increased by $71.9 million primarily due to Federal HEERF Institutional Portion and Minority Serving Institutions funding. Additionally, the University received an increase in Federal HEERF funding for emergency student financial aid awards of $49 million offset by decreases in Florida Bright Futures Scholarship Program of $10.6 million and Pell grants of $4.3 million. These increases were offset by a decrease in investment income of $68.2 million primarily due to unrealized losses from changes in fair market valuations of investments since the prior fiscal year.

Other Revenues

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

Other Revenues
For the Fiscal Years

(In Thousands)

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

The Statement of Cash Flows

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

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

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

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

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

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

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

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

Capital Assets, Net at June 30

(In Thousands)

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

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

Capital Expenses and Commitments

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

	Amount (In Thousands)
Total Committed	$ 69,496
Completed to Date	(39,905)
Balance Committed	$ 29,591

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

Debt Administration

As of June 30, 2022, the University had $304.9 million in outstanding capital improvement debt payable, loans payable and leases payable representing an increase of $159.6 million, or 110 percent, from the prior fiscal year, which is primarily due to the recognition of leases payable due to the implementation of GASB Statement No. 87. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

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

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

Economic Factors That Will Affect the Future

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

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

Requests for Information

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

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

June 30, 2022

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 42,932,600	$ 53,531,920
Restricted Cash and Cash Equivalents	3,394,135	15,984,972
Investments	543,547,584	-
Accounts Receivable, Net	64,566,825	18,807,333
Loans, Leases, and Notes Receivable, Net	2,727,128	13,150,707
Due from State	27,250,050	-
Due from Component Units	2,086,628	935,800
Due from University	-	36,050,297
Inventories	4,918,174	93,954
Other Current Assets	9,011,368	4,388,110
Total Current Assets	700,434,492	142,943,093
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	10,855,254	5,549,067
Restricted Investments	50,945,282	299,921,980
Loans, Leases, and Notes Receivable, Net	56,321,265	186,033,817
Depreciable Capital Assets, Net	1,344,286,479	176,743,327
Nondepreciable Capital Assets	83,138,876	64,841,331
Due from Component Units	4,531,020	9,000,000
Other Noncurrent Assets	6,271,334	365,194
Total Noncurrent Assets	1,556,349,510	742,454,716
Total Assets	2,256,784,002	885,397,809
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	153,244,516	-
Pensions	86,028,604	-
Deferred Amount on Debt Refundings	10,213,367	3,946,560
Total Deferred Outflows of Resources	249,486,487	3,946,560
LIABILITIES		
Current Liabilities:		
Accounts Payable	17,205,642	6,567,703
Construction Contracts Payable	8,114,736	-
Salary and Wages Payable	16,636,724	-
Deposits Payable	6,943,744	-
Due to Component Units	36,050,297	935,800
Due to University	-	2,086,628
Unearned Revenue	19,678,955	24,755,111
Other Current Liabilities	1,409,542	1,635,075
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	5,835,000	-
Bonds Payable	-	10,489,000
Loans and Notes Payable	2,750,000	10,355,158
Leases Payable	3,059,890	222,926
Leases Payable - Component Units	10,421,930	3,641,484
Compensated Absences Payable	5,891,268	177,778
Other Postemployment Benefits Payable	7,182,994	-
Net Pension Liability	340,913	-
Total Current Liabilities	141,521,635	60,866,663

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	75,102,120	-
Bonds Payable	-	177,761,982
Loans and Notes Payable	50,247,000	76,548,000
Leases Payable	33,702,039	4,127,505
Leases Payable - Component Units	123,749,264	69,552,142
Compensated Absences Payable	57,049,117	601,968
Other Postemployment Benefits Payable	403,363,766	-
Net Pension Liability	109,776,875	-
Unearned Revenue	-	26,356
Due to University	-	4,531,020
Due To Component Units	-	9,000,000
Other Noncurrent Liabilities	1,961,227	1,778,690
Total Noncurrent Liabilities	854,951,408	343,927,663
Total Liabilities	996,473,043	404,794,326
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	156,221,084	-
Pensions	176,804,832	-
Leases	56,650,693	183,364,634
Total Deferred Inflows of Resources	389,676,609	183,364,634
NET POSITION		
Net Investment in Capital Assets	1,141,678,510	89,239,265
Restricted for Nonexpendable:		
Endowment	-	150,905,487
Restricted for Expendable:		
Debt Service	9,102	-
Loans	3,147,420	-
Capital Projects	79,679,006	7,363,446
Other	67,212,918	130,509,348
Unrestricted	(171,606,119)	(76,832,137)
TOTAL NET POSITION	$ 1,120,120,837	$ 301,185,409

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

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

For the Fiscal Year Ended June 30, 2022

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $250,973,316 (Pledged for Capital Improvement Debt: $14,719,794 for Parking)	$ 267,189,719	$ 23,224,971
Federal Grants and Contracts	134,409,573	-
State and Local Grants and Contracts	16,488,501	-
Nongovernmental Grants and Contracts	34,101,362	-
Sales and Services of Auxiliary Enterprises (Pledged for Capital Improvement Debt: $28,434,860 Pledged for Housing and $6,074,727 for Parking)	109,692,650	-
Gifts and Donations	-	75,405,171
Interest on Loans and Notes Receivable	285,443	-
Other Operating Revenues (Pledged for Capital Improvement Debt: $299,346 for Housing and $788,912 for Parking)	7,271,277	63,786,685
Total Operating Revenues	569,438,525	162,416,827
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	758,427,829	24,090,913
Services and Supplies	241,470,759	135,633,393
Utilities and Communications	27,837,177	-
Scholarships, Fellowships, and Waivers	215,991,818	-
Depreciation	93,416,450	8,812,956
Total Operating Expenses	1,337,144,033	168,537,262
Operating Loss	(767,705,508)	(6,120,435)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	378,654,412	-
Federal and State Student Financial Aid	337,372,177	-
Investment Income (Loss)	(35,814,871)	430,951
Other Nonoperating Revenues	121,222,856	34,304,506
Loss on Disposal of Capital Assets	(808,677)	-
Interest on Capital Asset-Related Debt	(5,919,564)	(8,825,192)
Other Nonoperating Expenses	(46,225,602)	(2,621,047)
Net Nonoperating Revenues	748,480,731	23,289,218
Income (Loss) Before Other Revenues, Expenses	(19,224,777)	17,168,783
State Capital Appropriations	9,302,309	-
Capital Grants, Contracts, Donations, and Fees	1,511,936	2,013,142
Additions to Permanent Endowments	-	8,421,165
Other Expenses	-	(18,000,000)
Total Other Revenues (Expenses)	10,814,245	(7,565,693)
Increase (Decrease) in Net Position	(8,410,532)	9,603,090
Net Position, Beginning of Year	1,128,495,379	289,705,297
Adjustment to Beginning Net Position	35,990	1,877,022
Net Position, Beginning of Year, as Restated	1,128,531,369	291,582,319
Net Position, End of Year	$ 1,120,120,837	$ 301,185,409

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

UNIVERSITY OF CENTRAL FLORIDA
A Component Unit of the State of Florida
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 271,517,939
Grants and Contracts	184,240,015
Sales and Services of Auxiliary Enterprises	104,001,581
Interest on Loans and Notes Receivable	287,269
Payments to Employees	(762,788,326)
Payments to Suppliers for Goods and Services	(268,660,291)
Payments to Students for Scholarships and Fellowships	(215,991,818)
Net Loans Issued to Students	(550,598)
Other Operating Receipts	8,259,012
Net Cash Used by Operating Activities	(679,685,217)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	378,654,412
Federal and State Student Financial Aid	337,372,177
Federal Direct Loan Program Receipts	184,661,382
Federal Direct Loan Program Disbursements	(184,661,382)
Net Change in Funds Held for Others	8,934,346
Other Nonoperating Receipts	51,760,095
Net Cash Provided by Noncapital Financing Activities	776,721,030
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	8,058,843
Capital Grants, Contracts, Donations and Fees	1,460,000
Other Receipts for Capital Projects	3,863,141
Purchase or Construction of Capital Assets	(59,317,045)
Principal Paid on Capital Debt and Leases	(24,688,808)
Interest Paid on Capital Debt and Leases	(6,163,159)
Interest Received on Capital Debt and Leases	209,973
Net Cash Used by Capital and Related Financing Activities	(76,577,055)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,178,468,417
Purchases of Investments	(1,182,886,640)
Investment Income	17,154,161
Net Cash Provided by Investing Activities	12,735,938
Net Increase in Cash and Cash Equivalents	33,194,696
Cash and Cash Equivalents, Beginning of Year	23,987,293
Cash and Cash Equivalents, End of Year	$ 57,181,989

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (767,705,508)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	93,416,450
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	7,960,469
Inventories	(2,235,251)
Other Assets	(1,845,312)
Accounts Payable	4,552,169
Salaries and Wages Payable	3,131,103
Deposits Payable	214,854
Compensated Absences Payable	(1,632,502)
Unearned Revenue	(9,309,161)
Other Liabilities	(373,430)
Other Postemployment Benefits Payable	19,034,675
Net Pension Liability	(237,798,233)
Deferred Outflows of Resources Related to Other Postemployment Benefits	14,840,699
Deferred Inflows of Resources Related to Other Postemployment Benefits	(15,740,347)
Deferred Outflows of Resources Related to Pensions	42,203,737
Deferred Inflows of Resources Related to Pensions	171,600,371
NET CASH USED BY OPERATING ACTIVITIES	$ (679,685,217)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized loss on investments were recognized as a decrease to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (53,171,097)
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (808,677)

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Position

- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

- Other Required Supplementary Information

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

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

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third-party making payment on behalf of the student. The University applied the "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

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

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts, money market funds, and investments with original maturities of three months or less. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by the Federal Deposit Insurance Corporation (FDIC), up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. The University also holds $14,276,716 in money market funds and short-term investments. The money market funds and investments are permissible under the current investment policy; the primary portion of these investments are held in Rule 2a-7 mutual funds and securities rated AAA (or its equivalent) by a nationally recognized statistical rating organization. The Corporation, a blended component unit, holds $3,394,135 in money market funds. The money market funds are uninsured, but collateralized by securities held by the financial institutions, not in the name of the Corporation. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

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

Component Unit	Cash in Bank	Money Market Funds	Total
University of Central Florida Foundation, Inc.	$ 13,757,152	$ 4,963,097	$ 18,720,249
University of Central Florida Research Foundation, Inc.	416,088	-	416,088
UCF Athletics Association, Inc.	26,474,819	137,259	26,612,078
UCF Convocation Corporation	3,589,856	16,150,209	19,740,065
UCF Stadium Corporation	-	39,595	39,595
UCF Academic Health, Inc.	616,827	-	616,827
Central Florida Clinical Practice Organization, Inc.	8,921,057	-	8,921,057
Total Component Units	$ 53,775,799	$ 21,290,160	$ 75,065,959

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

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

- **University of Central Florida Foundation, Inc.** – Cash deposits consist of non-interest-bearing demand deposits, money market, and cash deposits. At June 30, 2022, approximately $13,013,272 in cash deposits were not insured by the FDIC and were not collateralized.

- **UCF Athletics Association, Inc.** – The Association does not have a deposit policy for custodial credit risk, although all demand deposits with banks are insured up to the FDIC limits. As of June 30, 2022, no part of the Association's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.
- **UCF Convocation Corporation** – At June 30, 2022, the Convocation Corporation held $16,150,209 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation's name. Additionally, at June 30, 2022, the Convocation Corporation held $3,589,856 in cash deposits at a financial banking institution. These funds are collateralized with securities held by the pledging financial institution, but not in the depositor's name.
- **UCF Stadium Corporation** – At June 30, 2022, the Stadium Corporation held $39,595 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation's name.
- **Central Florida Clinical Practice Organization, Inc.** – At June 30, 2022, The Central Florida Clinical Practice Organization, Inc. had deposits in banking institutions. A portion of the deposits, totaling $8,689,742, was in excess of the FDIC limit as of June 30, 2022.
- **UCF Academic Health, Inc.** – At June 30, 2022, UCF Academic Health, Inc. had deposits in a banking institution. A portion of the deposits, totaling $366,846, was in excess of the FDIC limit as of June 30, 2022.

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

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 5 to 10 years
- Library Resources – 10 years
- Leasehold Improvements – the lesser of the remaining lease term, or the estimated useful life of the improvement
- Lease Assets – the lesser of the lease term or the useful life of the underlying asset
- Works of Art and Historical Treasures – 5 to 15 years
- Computer Software – 5 to 10 years

Leases. The University determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and liabilities in the statement of net position. Lease assets represent the

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

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

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

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

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

2. Reporting Change

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

3. Adjustment to Beginning Net Position

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

4. Deficit Net Position in Individual Funds

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

Fund	Net Position
Current Funds - Unrestricted	$ (330,046,833)
Auxiliary Funds	158,440,714
Total	$ (171,606,119)

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

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

5. Investments

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

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

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

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

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

		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	$ 272,718,483	$ -	$ -	$ 272,718,483
SBA Debt Service Accounts	4,334	4,334	-	-
Obligations of United States Government				
Agencies and Instrumentalities	55,387,515	55,387,515	-	-
Federal Agency Obligations	36,531,675	-	36,531,675	-
Bonds and Notes	114,088,099	-	114,088,099	-
Mutual Funds				
Equities	93,622,040	93,622,040	-	-
Bonds	22,140,720	22,140,720	-	-
Total investments by fair value level	$ 594,492,866	$ 171,154,609	$ 150,619,774	$ 272,718,483

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

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

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

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

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

Net Asset Value.

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

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

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

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

Private Equity and Private Debt Funds: Private equity and private debt includes distinct limited partnerships or limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets or notes of the fund. Private equity and private debt are not traded on a public, primary exchange. Private equity can include equity rights to private companies, capital lent to companies, or other privately held securities. Private equity commitments are not drawn immediately, therefore the capital deployed at any one time is likely less than the total contractual commitment. Private debt funds aim to take advantage of structural imbalances between demand and supply of credit for consumers, small and medium enterprises, and trade finance consisting of private notes and bonds with equity components. In this portfolio, private equity capital and private debt are invested with general partners of a legally formed limited partnership, whereby several investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

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

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

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

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

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

External Investment Pool.

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

State Board of Administration Debt Service Accounts.

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

Other Investments.

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

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

University Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years) Less Than 1	1 - 5	More Than 5
United States Government and Federally-Guaranteed Obligations	$ 55,387,515	$ 12,105,321	$ 41,160,721	$ 2,121,473
Federal Agency Obligations	36,531,676	384,199	15,619,148	20,528,329
Bonds and Notes	114,088,099	9,723,252	67,732,320	36,632,527
Mutual Funds - Bonds	22,140,720	86,934	10,619,462	11,434,324
Total	$ 228,148,010	$ 22,299,706	$ 135,131,651	$ 70,716,653

Component Units' Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years) Less Than 1	1 - 5	More Than 5	Investments Not Directly Subject To Interest Rate Risk (1)
Domestic Fixed Income	$ 83,103,149	$ -	$ 3,287,169	$ 458,333	$ 79,357,647
International Fixed Income	11,682,487	-	-	-	11,682,487
Private Debt	11,582,849	-	-	-	11,582,849
Hedge Funds	4,290,797	-	-	-	4,290,797
Total	$ 110,659,282	$ -	$ 3,287,169	$ 458,333	$ 106,913,780

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

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

University Debt Investments Quality Ratings

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

Component Units' Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A	Investments Not Directly Subject To Credit Risk (1)
Domestic Fixed Income	$ 83,103,149	$ 221,648	$ 334,123	$ 3,189,731	$ -	$ 79,357,647
International Fixed Income	11,682,487	-	-	-	-	11,682,487
Private Debt	11,582,849	-	-	-	-	11,582,849
Hedge Funds	4,290,797	-	-	-	-	4,290,797
Total	$ 110,659,282	$ 221,648	$ 334,123	$ 3,189,731	$ -	$ 106,913,780

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

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's or its component units' investments in a single issuer. The University's and its component units' investment policies require diversification sufficient to reduce the potential of a single security, single sector of securities, or single style of management having a disproportionate or significant impact on the portfolio. The University's investment policy states that not more than 5 percent of the investment portfolio's assets shall be invested in securities in any one issuing company, and no single corporate bond issuer shall exceed five percent of the portfolio. Guidelines for individual sectors of the portfolio further indicate percentage limitations.

6. Receivables

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

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

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

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

Fiscal Year Ending June 30	Total	Non-Component Units Principal	Non-Component Units Interest	Component Units Principal	Component Units Interest
2023	$ 2,409,881	$ 654,219	$ 255,662	$ 1,500,000	$ -
2024	2,569,236	321,164	248,072	2,000,000	-
2025	2,571,817	329,495	242,322	2,000,000	-
2026	2,574,474	338,076	236,398	2,000,000	-
2027	2,452,463	221,749	230,714	2,000,000	-
2028-2032	11,716,716	616,752	1,099,964	10,000,000	-
2033-2037	11,672,218	661,593	1,010,625	10,000,000	-
Thereafter	27,568,194	5,963,829	3,604,365	18,000,000	-
Total payments to be received	$ 63,534,999	$ 9,106,877	$ 6,928,122	$ 47,500,000	$ -

Allowance for Doubtful Receivables. Allowances for doubtful accounts are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable and loans and notes receivable are reported net of allowances of $2,113,627 and $263,949, respectively, at June 30, 2022.

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

7. Due From State

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

8. Capital Assets

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

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 43,016,240	$ -	$ -	$ 43,016,240
Works of Art and Historical Treasures	218,000	-	-	218,000
Construction in Progress	11,326,346	35,910,687	7,332,397	39,904,636
Total Nondepreciable Capital Assets	$ 54,560,586	$ 35,910,687	$ 7,332,397	$ 83,138,876
Depreciable Capital Assets:				
Buildings	$ 1,723,748,927	$ 10,508,700	$ -	$ 1,734,257,627
Infrastructure and Other Improvements	83,485,132	246,856	-	83,731,988
Furniture and Equipment	258,675,346	18,397,765	9,402,181	267,670,930
Library Resources	159,171,446	6,222,666	-	165,394,112
Leasehold Improvements	25,245,285	829,763	5,897,784	20,177,264
Lease Assets (1)	-	184,735,600	-	184,735,600
Works of Art and Historical Treasures	1,677,354	-	-	1,677,354
Computer Software and Other Capital Assets	7,850,435	-	-	7,850,435
Total Depreciable Capital Assets	2,259,853,925	220,941,350	15,299,965	2,465,495,310
Less, Accumulated Depreciation:				
Buildings	624,826,084	53,060,639	-	677,886,723
Infrastructure and Other Improvements	40,567,922	2,518,254	-	43,086,176
Furniture and Equipment	221,048,818	16,427,014	6,894,657	230,581,175
Library Resources	128,637,346	5,238,579	-	133,875,925
Leasehold Improvement	14,064,800	1,387,771	3,757,241	11,695,330
Lease Assets (1)	-	14,719,467	-	14,719,467
Works of Art and Historical Treasures	1,448,874	64,726	-	1,513,600
Computer Software and Other Capital Assets	7,850,435	-	-	7,850,435
Total Accumulated Depreciation	1,038,444,279	93,416,450	10,651,898	1,121,208,831
Total Depreciable Capital Assets, Net	$ 1,221,409,646	$ 127,524,900	$ 4,648,067	$ 1,344,286,479

(1) Lease assets were added due to implementation of GASB Statement No. 87, *Leases*. Beginning balance was not restated.

9. Unearned Revenue

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

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

10. Deferred Outflow / Inflow of Resources

The deferred outflows and inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred outflows of resources related to pensions were $86,028,604 and deferred inflows of resources related to pensions were $176,804,832 for the year ended June 30, 2022. Note 12. includes a complete discussion of defined benefit pension plans.

The deferred outflows and inflows related to Other Postemployment Benefits (OPEB) are an aggregate of items related to OPEB as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program. Total deferred outflows of resources related to OPEB were $153,244,516 and deferred inflows of resources related to OPEB were $156,221,084 for the year ended June 30, 2022. Note 11. includes a complete discussion of OPEB.

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

The total deferred outflows of resources related to the deferred loss on debt refunding's were $10,213,367 for the year ended June 30, 2022. The deferred loss was created as a result of the UCF Finance Corp debt refinancing and will be amortized as a component of interest expense over the remaining life of the UCF Finance Corporation's Series 2017 refunding term loan. Note 11. includes a complete discussion of the UCF Finance Corporation's debt refinancing.

11. Long-Term Liabilities

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	$ 88,024,530	$ 50,215,718	$ 57,303,128	$ 80,937,120	$ 5,835,000
Loans and Notes Payable	57,273,193	-	4,276,193	52,997,000	2,750,000
Leases Payable (1)	-	184,744,237	13,811,114	170,933,123	13,481,820
Compensated Absences Payable	64,572,888	5,843,695	7,476,198	62,940,385	5,891,268
Other Postemployment Benefits Payable	391,512,085	342,385,547	323,350,872	410,546,760	7,182,994
Net Pension Liability	347,916,021	65,976,241	303,774,474	110,117,788	340,913
Other Noncurrent Liabilities	3,682,483	1,147,008	2,868,265	1,961,226	-
Total Long-Term Liabilities	$ 952,981,200	$ 650,312,446	$ 712,860,244	$ 890,433,402	$ 35,481,995

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

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

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2018A - Housing	$ 23,255,000	$ 17,167,809	5	2030
2021A - Housing	42,815,000	51,212,398	2 to 5	2042
Total Student Housing Debt	66,070,000	68,380,207		
Parking Garage Debt:				
2012A - Parking Garage	7,860,000	4,991,845	3 to 5	2032
2018A - Parking Garage	4,790,000	1,896,550	5	2024
2019A - Parking Garage	6,120,000	5,668,518	5	2029
Total Parking Garage Debt	18,770,000	12,556,913		
Total Capital Improvement Debt	$ 84,840,000	$ 80,937,120		

(1) Amount outstanding includes unamortized discounts and premiums.

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and various student fee assessments to repay $84,840,000 in capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student housing and parking garages. The bonds are payable solely from housing rental revenues and parking and transportation fees and are payable through 2042. The University has committed to appropriate each year from the housing rental income, traffic and parking fees, and special student fee assessments, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $88,747,319 and principal and interest paid for the current year totaled $9,826,418. During the 2021-22 fiscal year, operating revenues generated from housing rentals and parking revenues totaled $28,734,206 and $21,583,433, respectively.

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

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

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

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 5,835,000	$ 2,904,263	$ 8,739,263
2024	6,125,000	2,611,613	8,736,613
2025	5,485,000	2,304,238	7,789,238
2026	5,755,000	2,033,288	7,788,288
2027	6,045,000	1,748,638	7,793,638
2028-2032	21,140,000	5,037,063	26,177,063
2033-2037	8,975,000	1,890,213	10,865,213
2038-2042	10,295,000	563,003	10,858,003
Subtotal	69,655,000	19,092,319	88,747,319
Net Discounts and Premiums	11,282,120	-	11,282,120
Total	$ 80,937,120	$ 19,092,319	$ 100,029,439

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

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

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

During the 2017-18 fiscal year, the Corporation entered into a note with a bank for up to $20,000,000 to secure the construction commitments for a new University Downtown campus education facility. The note is secured by an assignment of philanthropic pledges received by the UCF Foundation and the outstanding balance on the note cannot exceed the total pledges receivable. Payments are made on an annual basis on March 8 of each year beginning March 8, 2020. The note bears a variable rate of interest equal to a per annum rate of 81 percent multiplied by the sum of the LIBOR plus 0.50 percent and is subject to adjustment to reflect changes in the LIBOR Rate. As of June 30, 2022, the note was paid off ahead of the final maturity date of March 8, 2023.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 2,750,000	$ 1,238,928	$ 3,988,928
2024	2,816,000	1,172,136	3,988,136
2025	2,885,000	1,103,724	3,988,724
2026	2,955,000	1,033,644	3,988,644
2027	3,027,000	961,860	3,988,860
2028-2032	16,274,000	3,670,008	19,944,008
2033-2037	18,349,000	1,594,980	19,943,980
2038	3,941,000	47,292	3,988,292
Total	$ 52,997,000	$ 10,822,572	$ 63,819,572

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

		Non-Component Units		Component Units	
Fiscal Year Ending June 30	**Total**	**Principal**	**Interest**	**Principal**	**Interest**
2023	$ 14,982,874	$ 3,059,890	$ 779,443	$ 10,421,930	$ 721,611
2024	14,842,755	2,502,741	723,937	11,076,023	540,054
2025	12,214,393	2,490,663	677,372	8,654,407	391,951
2026	8,442,248	2,369,084	632,988	5,115,308	324,868
2027	7,815,633	1,756,076	592,934	5,163,431	303,192
2028-2032	34,326,746	7,869,447	2,517,586	22,677,682	1,262,031
2033-2037	26,535,003	2,799,103	1,950,281	20,800,117	985,502
Thereafter	70,243,786	13,914,925	4,661,457	50,262,296	1,405,108
Total Minimum Lease Payments	$ 189,403,438	$ 36,761,929	$ 12,535,998	$ 134,171,194	$ 5,934,317

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

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

General Information about the OPEB Plan

Plan Description. The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan administered by the State of Florida. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for funding the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

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

Proportionate Share of the Total OPEB Liability

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

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

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

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

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

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

The following changes have been made since the prior valuation:

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

the overall participation rate was 50 percent. This change resulted in an 8 percent decrease in the Total OPEB Liability as of the valuation date.

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

	1% Decrease (1.18%)	Current Discount Rate (2.18%)	1% Increase (3.18%)
University's proportionate share of the total OPEB liability	$517,876,316	$410,546,760	$330,237,195

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

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

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

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 19,514,036
Change of assumptions or other inputs	44,154,421	135,967,796
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	101,779,434	739,252
Transactions subsequent to the measurement date	7,310,661	-
Total	$ 153,244,516	$ 156,221,084

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

Fiscal Year Ending June 30	Amount
2023	$ (6,021,289)
2024	(6,021,289)
2025	(6,021,289)
2026	(6,021,289)
2027	(6,021,289)
Thereafter	19,819,216
Total	$(10,287,229)

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

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

Certificate of Participation Payable and Bonds Payable – Component Units.

UCF Convocation Corporation

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

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

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

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

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

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

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

UCF Stadium Corporation

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

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

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

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

Loans and Notes Payable – Component Units.

UCF Foundation, Inc.

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

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

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

During the 2018-19 fiscal year, the University of Central Florida Foundation, Inc. entered into a 20-year tax-exempt note with a bank for $6,000,000 for the purchase of a building and related land. The note matures on October 1, 2038, at a fixed rate of 3.93 percent. The purchased property, valued at

$5,919,395, represents security for the loan, and lease revenues generated from this building have been pledged for debt repayment. As of June 30, 2022, the remaining outstanding principal was $5,307,000.

In the event of default of the notes, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. The notes are subject to acceleration if the lender reasonably deems itself insecure for any reason.

UCF Athletics Association, Inc.

During the 2014-15 fiscal year, the UCF Athletics Association, Inc. modified a construction line of credit with a local bank to a line of credit promissory note. The note matures June 2033, and the repayment schedule assumes the agreement is renewed annually. If the agreement is not renewed, the entire balance will be due in full at that time. In July 2020, the UCF Athletics Association, Inc. renewed the agreement until July 2033, which carries interest at 79 percent of LIBOR plus 1.34 percent (1.93 percent at June 30, 2022). The note is secured by an amount not to exceed 5 percent of the prior year's collection of student athletic fees and conference payments from the American Athletic Conference. In the event of default, the lender may declare the loan and all obligations to be fully due and payable in their aggregate amount, together with accrued interest and all prepayment premiums, fees, and charges. The note is subject to acceleration if the lender reasonably deems itself insecure for any reason. As of June 30, 2022, the amount outstanding on the note was $4,775,000.

During the 2019-20 fiscal year, the UCF Athletics Association, Inc. entered into a direct borrowing loan from a financial institution in the amount of $8,550,000 to complete the buildout of phase two of the Roth Athletics Center located on the UCF campus. Principal payments are required by September 1 each year to reduce the loan balance to an agreed-upon amount negotiated annually. Interest on the loan is payable semi-annually at a fixed interest rate of 2 percent. The loan matures September 1, 2024, and is secured by certain pledged revenues of the Association. As of June 30, 2022, the total loan outstanding amount was $5,392,000.

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

Due to University – Component Units.

Four of its component units reported moneys due to the University totaling $6,617,648. The UCF Athletics Association, Inc. received several loans from the University between 2004 and 2007. In 2009, those loans were consolidated into one loan. In July 2015, the Board of Trustees approved an amendment to the previous payment schedule. The 2020-21 fiscal year loan payment was deferred for two fiscal years and future years' payments range from $1,000,000 to $1,528,000, contingent on interest rates. The loan matures in the 2026-27 fiscal year and bears interest at a variable rate equal to the preceding fiscal year's average SPIA rate of return (1.61 percent for the 2021-22 fiscal year interest calculations). In the event of a default, after 30 days the entire principal sum and accrued interest becomes due at the option of the University and the interest rate shall increase to the highest rate allowable under Florida law. As of June 30, 2022, the amount outstanding, including interest, totaled $5,447,178.

12. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

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

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

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

FRS Pension Plan

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after

30 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

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 2021-22 fiscal year were:

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

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

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

The University's contributions to the Plan totaled $27,577,192 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the University reported a liability of $46,158,515 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The University's proportionate share of the net pension liability was based on the University's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the University's proportionate share was 0.611058374 percent, which was a decrease of 0.037311349 from its proportionate share measured as of June 30, 2020.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,911,643	$ -
Change of assumptions	31,583,944	-
Net difference between projected and actual earnings on FRS Plan investments	-	161,035,457
Changes in proportion and differences between University contributions and proportionate share of contributions	5,846,301	10,621,048
University FRS contributions subsequent to the measurement date	27,577,192	-
Total	$ 72,919,080	$ 171,656,505

The deferred outflows of resources totaling $27,577,192, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ (20,971,276)
2024	(25,253,145)
2025	(34,446,063)
2026	(44,474,436)
2027	(1,169,697)
Total	$ (126,314,617)

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

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

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

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

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

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

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

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

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

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

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a

State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

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

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

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

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

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

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

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

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

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

13. Retirement Plans – Defined Contribution Pension Plans

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

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

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

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

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

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

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

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

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

14. Construction Commitments

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

Project Description	Total Commitment	Completed to Date	Balance Committed
Biological Sciences	$ 7,802,537	$ 545,222	$ 7,257,315
Library	14,339,908	9,531,861	4,808,047
Student Union Roof	2,111,647	40,926	2,070,721
Arts Complex Phase 1	2,162,822	514,326	1,648,496
Performing Arts Phase 2	1,636,366	55,754	1,580,612
Downtown CEM Rooftop AHU	4,455,299	2,982,348	1,472,951
Com & Media	2,007,913	547,588	1,460,325
Downtown CEM	3,186,543	1,952,957	1,233,586
Subtotal	37,703,035	16,170,982	21,532,053
Other Projects (1)	31,792,831	23,733,654	8,059,177
Total	$ 69,495,866	$ 39,904,636	$ 29,591,230

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

15. State Self-Insurance Program

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2021-22 fiscal year, for property losses, the State retained the first $2 million per occurrence for all perils except named windstorm and flood. The State retained the first $2 million per occurrence with an annual aggregate retention of $40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of $2 million per occurrence were commercially insured up to $57.5 million for named windstorm and flood through February 14, 2022, and decreased to $56.3 million starting February 15, 2022. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $167.5 million through February 14, 2022, and increased to $168.7 million starting February 15, 2022; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to $200,000 per person and $300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

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

16. University Self-Insured Program

The University of Central Florida, College of Medicine Self-Insurance Program (Program) was established pursuant to Section 1004.24, Florida Statutes, on September 25, 2008. The Program's purpose is to provide comprehensive general liability and professional liability (malpractice) coverage for the University of Central Florida Board of Trustees and students for claims and actions arising from the clinical activities of the College of Medicine, College of Nursing, UCF Health Services, College of Health Professions and Sciences (previously included in the College of Health and Public Affairs), and the Central Florida Clinical Practice Organization, Inc., faculty, staff and resident physicians. The Program provides legislative claims bill protection. The Program is distinct from and entirely independent of the self-insurance programs administered by the State described in Note 15.

The University is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Program also provides $1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; $250,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; $250,000 per claim protection for participants who engage in approved community service and act as Good Samaritans; and student protections of $200,000 for a claim arising from an occurrence for any one person, $300,000 for all claims arising from an occurrence and professional liability required by a hospital or other healthcare facility for educational purposes not to exceed a per occurrence limit of $1,000,000.

The Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported. Changes in the balances of claims liability for the Program during the 2020-21 and 2021-22 fiscal years are presented in the following table:

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

17. Litigation

The University is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the University's legal counsel and management, should not materially affect the University's financial position.

18. Functional Distribution of Operating Expenses

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

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

19. Segment Information

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

Condensed Statement of Net Position

	Housing Capital Improvement Debt	Parking Capital Improvement Debt
Assets		
Current Assets	$ 16,073,259	$ 27,095,383
Capital Assets, Net	76,671,075	62,771,373
Other Noncurrent Assets	10,440,439	7,951,244
Total Assets	103,184,773	97,818,000
Liabilities		
Current Liabilities	6,846,653	2,064,553
Noncurrent Liabilities	64,400,206	10,701,914
Total Liabilities	71,246,859	12,766,467
Net Position		
Net Investment in Capital Assets	8,290,869	46,178,719
Restricted - Expendable	9,861,315	9,204,933
Unrestricted	13,785,730	29,667,881
Total Net Position	$ 31,937,914	$ 85,051,533

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

	Housing Capital Improvement Debt	Parking Capital Improvement Debt
Operating Revenues	$ 29,043,900	$ 21,583,433
Depreciation Expense	(4,432,454)	(3,237,807)
Other Operating Expenses	(16,731,042)	(12,981,738)
Operating Income	7,880,404	5,363,888
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	685,545	1,407,548
Interest Expense	(1,971,500)	(327,707)
Other Nonoperating Expense	(444,492)	(4,141)
Net Nonoperating Revenues (Expenses)	(1,730,447)	1,075,700
Other Revenues, Expenses, Gains and Losses	6,704,247	6,232,559
Increase in Net Position	12,854,204	12,672,147
Net Position, Beginning of Year	19,083,710	72,379,386
Net Position, End of Year	$ 31,937,914	$ 85,051,533

Condensed Statement of Cash Flows

	Housing Capital Improvement Debt	Parking Capital Improvement Debt
Net Cash Provided (Used) by:		
Operating Activities	$ 11,934,118	$ 8,824,448
Noncapital Financing Activities	6,803,756	5,739,061
Capital and Related Financing Activities	(7,932,851)	(2,841,055)
Investing Activities	(7,220,188)	(6,960,940)
Net Increase in Cash and Cash Equivalents	3,584,835	4,761,514
Cash and Cash Equivalents, Beginning of Year	727,926	1,137,535
Cash and Cash Equivalents, End of Year	$ 4,312,761	$ 5,899,049

20. Blended Component Units

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

Condensed Statement of Net Position

	Blended Component Units					
	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	$ 3,394,134	$ 12,115,814	$ 15,509,948	$ 684,924,544	$ -	$ 700,434,492
Capital Assets, Net	-	-	-	1,427,425,355	-	1,427,425,355
Due From University / Blended CU	40,171,657	-	40,171,657	-	(40,171,657)	-
Other Noncurrent Assets	-	-	-	128,924,155	-	128,924,155
Total Assets	43,565,791	12,115,814	55,681,605	2,241,274,054	(40,171,657)	2,256,784,002
Deferred Outflows of Resources	10,213,367	-	10,213,367	239,273,120	-	249,486,487
Liabilities:						
Other Current Liabilities	3,385,964	1,815,149	5,201,113	136,320,522	-	141,521,635
Due to University/Blended CU	-	-	-	40,171,657	(40,171,657)	-
Noncurrent Liabilities	50,247,000	-	50,247,000	804,704,408	-	854,951,408
Total Liabilities	53,632,964	1,815,149	55,448,113	981,196,587	(40,171,657)	996,473,043
Deferred Inflows of Resources	-	-	-	389,676,609	-	389,676,609
Net Position:						
Net Investment in Capital Assets	-	-	-	1,141,678,510	-	1,141,678,510
Restricted - Expendable	146,194	10,300,665	10,446,859	139,601,587	-	150,048,446
Unrestricted	-	-	-	(171,606,119)	-	(171,606,119)
Total Net Position	$ 146,194	$ 10,300,665	$ 10,446,859	$ 1,109,673,978	$ -	$ 1,120,120,837

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Blended Component Units					
	UCF Finance Corporation	University of Central Florida College of Medicine Self-Insurance Program	Total Blended Component Units	University	Eliminations	Total Primary Government
Operating Revenues	$ -	$ 2,378,087	$ 2,378,087	$ 569,438,525	$ (2,378,087)	$ 569,438,525
Depreciation Expense	-	-	-	(93,416,450)	-	(93,416,450)
Other Operating Expenses	(19,259)	(1,053,362)	(1,072,621)	(1,242,655,773)	811	(1,243,727,583)
Operating Income (Loss)	(19,259)	1,324,725	1,305,466	(766,633,698)	(2,377,276)	(767,705,508)
Nonoperating Revenues (Expenses):						
Nonoperating Revenue	3,296,113	(1,154,647)	2,141,466	836,966,568	(1,858,589)	837,249,445
Interest Expense	(1,947,556)	-	(1,947,556)	(3,972,008)	-	(5,919,564)
Other Nonoperating Expense	-	-	-	(87,085,015)	4,235,865	(82,849,150)
Net Nonoperating Revenues (Expenses)	1,348,557	(1,154,647)	193,910	745,909,545	2,377,276	748,480,731
Other Revenues	-	-	-	10,814,245	-	10,814,245
Increase (Decrease) in Net Position	1,329,298	170,078	1,499,376	(9,909,908)	-	(8,410,532)
Net Position, Beginning of Year	(1,183,104)	10,130,587	8,947,483	1,119,547,896	-	1,128,495,379
Adjustment to Beginning Net Position (1)	-	-	-	35,990	-	35,990
Net Position, Beginning of Year, as Restated	(1,183,104)	10,130,587	8,947,483	1,119,583,886	-	1,128,531,369
Net Position, End of Year	$ 146,194	$ 10,300,665	$ 10,446,859	$ 1,109,673,978	$ -	$ 1,120,120,837

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

Condensed Statement of Cash Flows

	Blended Component Units: UCF Finance Corporation	Blended Component Units: 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	$ (19,259)	$ 1,817,440	$ 1,798,181	$ (679,100,476)	$ (2,382,922)	$ (679,685,217)
Noncapital Financing Activities	-	-	-	770,121,661	6,599,369	776,721,030
Capital and Related Financing Activities	(35,325)	-	(35,325)	(72,325,283)	(4,216,447)	(76,577,055)
Investing Activities	88,335	(1,686,313)	(1,597,978)	14,333,916	-	12,735,938
Net Increase in Cash and Cash Equivalents	33,751	131,127	164,878	33,029,818	-	33,194,696
Cash and Cash Equivalents, Beginning of Year	3,360,383	1,147,438	4,507,821	19,479,472	-	23,987,293
Cash and Cash Equivalents, End of Year	$ 3,394,134	$ 1,278,565	$ 4,672,699	$ 52,509,290	$ -	$ 57,181,989

21. Discretely Presented Component Units

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

Condensed Statement of Net Position

	Direct-Support Organizations				
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation
Assets:					
Current Assets	$ 38,120,615	$ 30,392,831	$ 31,196,715	$ 25,840,120	$ 5,630,829
Capital Assets, Net	127,731,978	-	65,024,927	348,615	-
Other Noncurrent Assets	418,002,623	110,607	137,259	12,026,265	24,084,186
Total Assets	583,855,216	30,503,438	96,358,901	38,215,000	29,715,015
Deferred Outflows of Resources	-	-	-	3,423,476	523,084
Liabilities:					
Current Liabilities	5,864,340	17,564,101	15,598,824	13,932,484	5,222,683
Noncurrent Liabilities	60,579,616	-	60,086,065	142,254,733	35,507,249
Total Liabilities	66,443,956	17,564,101	75,684,889	156,187,217	40,729,932
Deferred Inflows of Resources	114,076,652	-	-	10,949,112	25,453,537
Net Position:					
Net Investment in Capital Assets	63,411,978	-	25,332,867	348,615	-
Restricted Nonexpendable	150,905,487	-		-	-
Restricted Expendable	109,097,882	2,974,484	10,703,979	15,096,449	-
Unrestricted	79,919,261	9,964,853	(15,362,834)	(140,942,917)	(35,945,370)
Total Net Position	$ 403,334,608	$ 12,939,337	$ 20,674,012	$ (125,497,853)	$ (35,945,370)

			Other	
	UCF Academic Health, Inc.	Total Direct-Support Organizations	Central Florida Clinical Practice Organization Inc.	Total
	$ 1,439,231	$ 132,620,341	$ 10,322,752	$ 142,943,093
	48,333,333	241,438,853	145,805	241,584,658
	46,509,118	500,870,058	-	500,870,058
	96,281,682	874,929,252	10,468,557	885,397,809
	-	3,946,560	-	3,946,560
	2,127,571	60,310,003	556,660	60,866,663
	45,500,000	343,927,663	-	343,927,663
	47,627,571	404,237,666	556,660	404,794,326
	32,885,333	183,364,634	-	183,364,634
	-	89,093,460	145,805	89,239,265
	-	150,905,487	-	150,905,487
	-	137,872,794	-	137,872,794
	15,768,778	(86,598,229)	9,766,092	(76,832,137)
	$ 15,768,778	$ 291,273,512	$ 9,911,897	$ 301,185,409

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

	Direct-Support Organizations				
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation
Operating Revenues	$ 26,270,779	$ 17,883,503	$ 68,963,267	$ 33,404,482	$ 3,453,092
Depreciation Expense	(3,071,495)	-	(3,863,332)	(189,803)	-
Operating Expenses	(53,702,518)	(17,804,637)	(65,366,128)	(16,130,011)	(910,301)
Operating Income (Loss)	(30,503,234)	78,866	(266,193)	17,084,668	2,542,791
Net Nonoperating Revenues (Expenses):					
Nonoperating Revenues	11,850,266	2,350,591	18,092,709	269,403	1,172,499
Interest Expense	-	-	(1,282,185)	(6,049,723)	(1,493,284)
Other Nonoperating Expenses	(34,780)	-	-	(583,580)	-
Net Nonoperating Revenues (Expenses)	11,815,486	2,350,591	16,810,524	(6,363,900)	(320,785)
Other Revenues, Expenses, Gains, and Losses	8,421,165	-	(15,986,858)	-	-
Increase (Decrease) in Net Position	(10,266,583)	2,429,457	557,473	10,720,768	2,222,006
Net Position, Beginning of Year	411,724,169	10,509,880	20,116,539	(136,218,621)	(38,167,376)
Adjustment to Beginning Net Position (1)	1,877,022	-	-	-	-
Net Position, Beginning of Year, as Restated	413,601,191	10,509,880	20,116,539	(136,218,621)	(38,167,376)
Net Position, End of Year	$ 403,334,608	$ 12,939,337	$ 20,674,012	$ (125,497,853)	$ (35,945,370)

(1) Adjusted beginning net position due to implementation of GASB Statement No. 87, *Leases*.

			Other	
	UCF Academic Health, Inc.	Total Direct-Support Organizations	Central Florida Clinical Practice Organization Inc.	Total
	$ 3,579,269	$ 153,554,392	$ 8,862,435	$ 162,416,827
	(1,666,667)	(8,791,297)	(21,659)	(8,812,956)
	(485,780)	(154,399,375)	(5,324,931)	(159,724,306)
	1,426,822	(9,636,280)	3,515,845	(6,120,435)
	999,989	34,735,457	-	34,735,457
	-	(8,825,192)	-	(8,825,192)
	(1,795,033)	(2,413,393)	(207,654)	(2,621,047)
	(795,044)	23,496,872	(207,654)	23,289,218
	-	(7,565,693)	-	(7,565,693)
	631,778	6,294,899	3,308,191	9,603,090
	15,137,000	283,101,591	6,603,706	289,705,297
		1,877,022	-	1,877,022
	15,137,000	284,978,613	6,603,706	291,582,319
	$ 15,768,778	$ 291,273,512	$ 9,911,897	$ 301,185,409

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

Schedule of University Contributions – Florida Retirement System Pension Plan

	2022 (1)	2021 (1)	2020 (1)	2019 (1)
Contractually required FRS contribution	$ 27,577,192	$ 23,278,684	$ 21,542,453	$ 20,289,186
FRS contributions in relation to the contractually required contribution	(27,577,192)	(23,278,684)	(21,542,453)	(20,289,186)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 458,781,389	$ 445,408,636	$ 454,818,440	$ 439,921,546
FRS contributions as a percentage of covered payroll	6.01%	5.23%	4.74%	4.61%

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

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

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

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

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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
University's proportion of the HIS net pension liability	0.521414055%	0.547943658%	0.538876355%	0.532468436%
University's proportionate share of the HIS net pension liability	$ 63,959,273	$ 66,903,028	$ 60,294,870	$ 56,357,057
University's covered payroll (2)	$ 179,946,356	$ 187,973,508	$ 167,822,905	$ 167,400,707
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.54%	35.59%	35.93%	33.67%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.56%	3.00%	2.63%	2.15%

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

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

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

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

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

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

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

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

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

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

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

In addition, retirement, termination, disability, and salary scale increase rates were updated based on those used in Milliman's July 1, 2019, actuarial valuation of the Florida Retirement System. The retiree medical election percentage was also updated to align with plan experience from 2016 through 2020. Refer to Note 11. to the financial statements for further detail.

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

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Central Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 2, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the blended and aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

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