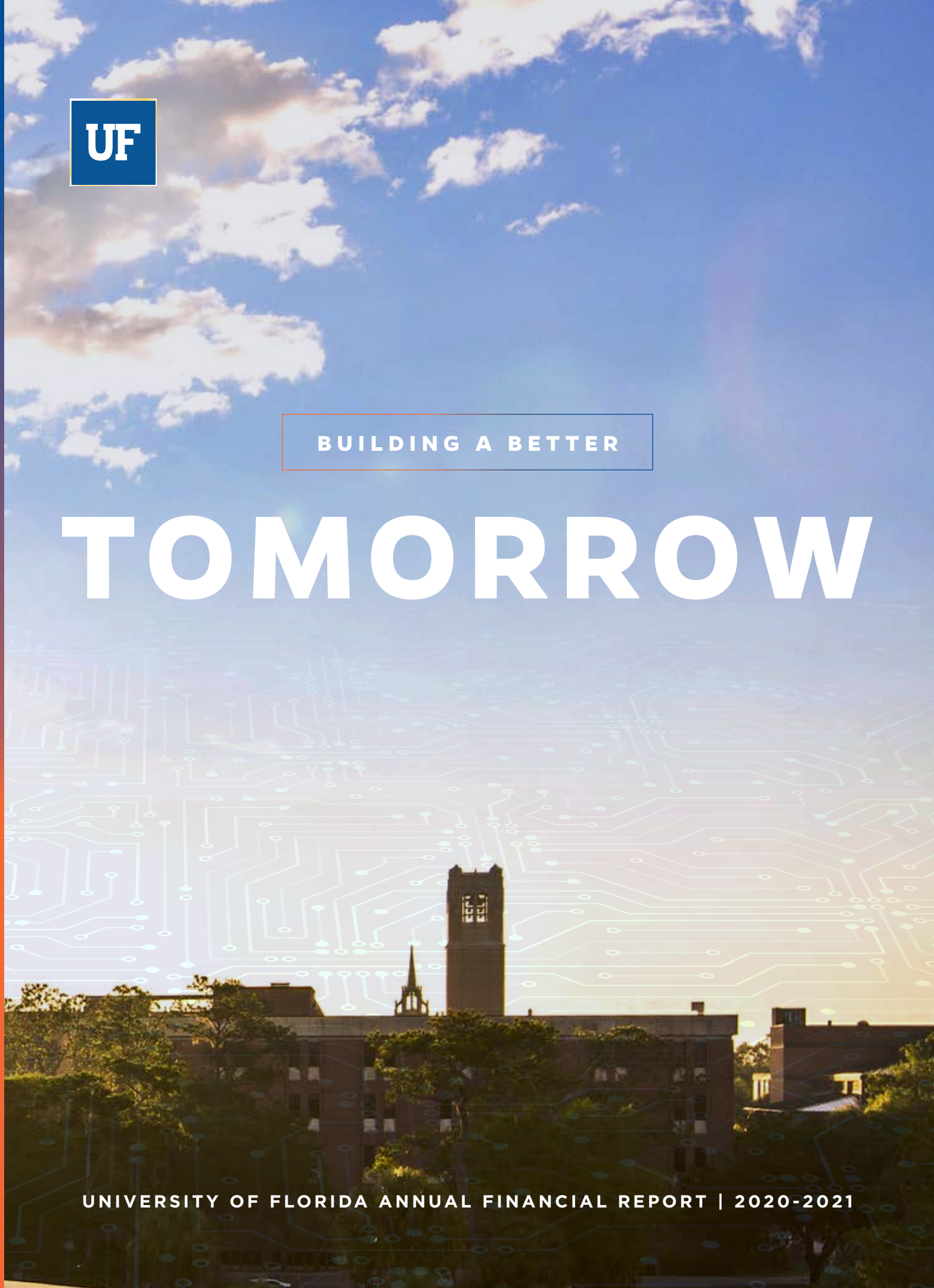

UF
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UNIVERSITY OF FLORIDA ANNUAL FINANCIAL REPORT | 2020-2021


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UF ANNUAL FINANCIAL REPORT | 2020-2021

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UNIVERSITY OF FLORIDA

The University of Florida is a comprehensive learning institution built on a land-grant foundation. We are the Gator Nation, a diverse community dedicated to excellence in education and research and shaping a better future for Florida, the nation, and the world.

MISSION

The University's mission is to enable students to lead and influence the next generation and beyond for economic, cultural, and societal benefit by striving to offer broad-based, inclusive public education, leading research, and public service. The fusion of these three endeavors stimulates a remarkable intellectual vitality and generates a synthesis that represents the University's greatest strength.

Education is a fundamental purpose of this University at both the graduate and undergraduate levels. Research and scholarship are integral to the education process and to the expansion of our understanding of the natural world, the intellect, and the senses. Service reflects the University's obligation to share the benefits of its research and knowledge for the public good.

These three interlocking elements span all academic disciplines and represent the University's commitment to lead and serve by pursuing and disseminating new knowledge while building upon the experiences of the past. The University of Florida aspires to advance by strengthening the human condition and improving the quality of life.

HISTORY

The University of Florida, the State's oldest university, traces its beginning of rich history to 1853, when the state-funded East Florida Seminary acquired the Kingsbury Academy in Ocala. After the end of the Civil War, the institution relocated to Gainesville, ultimately consolidated with the State's land grant Florida Agricultural College and was renamed the University of Florida in 1906. At the time, the University was an all-male institution with only 102 students.

Until 1947, the University of Florida was one of only three State universities, along with the Florida State College for Women (now Florida State University) and Florida A&M University. Women attended as early as 1916, and the student body grew to 601 women and 8,177 men when the Legislature removed all barriers for female enrollment in 1947.

Today, the University is one of the largest in the nation, boasting an enrollment of more than 57,000 students. The campus consists of 2,000 acres and more than 1,000 buildings, including the first Leadership in Energy and Environmental Design (LEED) Platinum-certified building in the state of Florida. The University is comprised of 16 colleges, offers almost 100 bachelor programs and over 200 masters, doctoral, and professional programs. The University's programs and facilities span more than 180 locations around the State and the globe.

FACULTY

The University faculty, which numbers over 6,000, has 61 funded Eminent Scholar Chair positions and 45 elections to the National Academies of Science, Engineering, and Medicine or to the American

Academy of Arts and Sciences. Present and past faculty include Pulitzer Prize winners, a pioneer in aviation engineering, a leading scholar on econometrics, three winners of NASA's top award for research, one of the four charter members of the Solar Hall of Fame, and a winner of the Smithsonian Institution's award for conservation.

From pharmacy and public relations to pain mitigation and materials engineering, the University of Florida is a recognized leader in a wide variety of specialties and areas. University researchers and scientists have made significant developments and discoveries in many fields, including astronomy, microbiology, metallurgy, and medical technology.

The University has installed HiPerGator AI – higher education's most powerful AI supercomputer – for training and research purposes and is the first institution to adopt an "AI Across the Curriculum" approach to providing every student in every major the opportunity to acquire competence and expertise in AI and Data Science.

RESEARCH

The University of Florida is a world leader in research, contributing significantly to nearly every field of endeavor. Since 1985, the University of Florida has been a member of the Association of American Universities, which is comprised of 66 leading research universities in the United States and Canada. To date, the University of Florida is the only member university located in Florida.

University researchers have pioneered new therapies and better treatments in the fights against aging and disease. They have developed renewable energy sources that offer great promise in reducing our dependence on fossil fuels, as well as engineered healthier foods, developed more energy-efficient and sustainable construction techniques, and established better ways to protect the environment.

Through the years of research, University of Florida scientists, inventors, engineers, and researchers have developed products and practices that have been distributed and applied with an international reach, improving the lives of millions of people in Florida and around the world.

STUDENTS

The University of Florida's freshman retention rate of 97 percent speaks to the outstanding quality of the University's entire academic experience. Fall 2020 figures indicate an enrollment of over 57,000 students, with almost 80 percent of whom are from Florida. Almost every state in the nation is represented in the University of Florida student body, and the University has a large international enrollment, approaching 4,000 international students representing more than 140 countries.

Sixty-five percent of enrolled students are degree-seeking undergraduates, 23 percent are graduate students and seven percent are in a professional degree program, with the remaining five percent consisting of unclassified or non-degree seeking undergraduates.

University of Florida students also receive many opportunities to participate in extracurricular activities. There are nearly 1,000 student organizations on campus, and students attend more than 2,000 campus concerts, art exhibits, theatrical productions, guest lectures, sporting events, as well as other events each year.

The University of Florida ranks 5th (tied) among public colleges and universities in the U.S. News Best Colleges (2022 ed.), ranks 2nd in Washington Monthly's Best Bang for Your Buck-Southeast (2021), ranks 8th in Money Magazine Best Colleges for Your Money (2020), and ranks 10th in Princeton Review's Top 50 Best Value Colleges Public Schools (2021).

Additionally, UF ranks 6th in Forbes Top Colleges (2021), 9th in Washington Monthly National Universities (2021), 10th in the Wall Street Journal/Times Higher Education U.S. public ranking (2022 ed.), and No. 3 in the Milken Institute's ranking of Best Universities for Technology Transfer (2017). UF Innovate – Sid Martin Biotech is named top global incubator for a record third time. The University's consistent ranking among the nation's top universities is a result of the commitment to provide the highest quality education at the best value.

Introduction from the

SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

I AM PLEASED TO PRESENT the University of Florida's Annual Financial Report for the fiscal year ended on June 30, 2021. This fiscal year presented continued challenges to the University, as the pandemic not only affected the lives of every member of Gator Nation but also every member of humanity. We deeply appreciate the incredible support of our community – students who adapted to an academic experience they never could have imagined, staff that kept the campus engaged, faculty that pivoted to innovative learning models and research protocols, healthcare workers who provided critical services in the face of constant difficulties, and State and University leadership, who continued to focus on our long term vision, while ensuring the health and safety of everyone associated with the University of Florida. While we achieved much during fiscal year 2021, we also acknowledge the profound losses suffered by many. Although we had hoped that the end of the fiscal year also would mark the end of the pandemic, we know our commitment to provide additional support continues, and we could not be more proud of the ongoing efforts of everyone associated with the University of Florida that best exemplify the Gator spirit.

Since the onset of the COVID-19 pandemic, the University has faced challenges but has successfully adapted its operations to the circumstances and our efforts supported the students and faculty to overcome and excel in this environment and beyond. The University has maintained a stable financial position and has returned to its pre-pandemic growth track.

Throughout the 2021 fiscal year, the University committed substantial resources to enhance the safety of our campus and facilities, by providing additional technology, by greatly increasing testing and vaccination efforts, and by providing necessary financial support to students and programs especially impacted by the pandemic from Federal, State, and institutional resources. Simultaneously, the University continued to make strategic investments in its people and physical capital that have been critical to advance the University of Florida's goals, resulting in enhanced national stature. Highlights from the year are included below:

- The University and many of its colleges and programs rank among the best in the nation – an external validation of our commitment to quality and the work of our faculty and students. The University of Florida rose to #6 in the 2021 *U.S. News and World Report* ranking of top national public universities, and our momentum carried us forward to Top 5 in fiscal year 2022.
- In partnership with NVIDIA, the most powerful supercomputer at an American university – and one of the 20 most powerful on the planet – became operational, providing researchers at the University, and at other institutions across the State and nation with a critical resource to apply artificial intelligence (AI) across a multitude of disciplines to expand knowledge, improve lives, and generate economic growth across the State.
- The University continued to prioritize investment in faculty by approaching its goal of a net increase of 500 faculty (achieved in fiscal year 2022), and adding a goal of hiring an additional 100 faculty focused on AI across all disciplines on campus.
- Research faculty earned $861 million in research funding in fiscal year 2021, including a record ~ $250 million from the National Institutes of Health, the University's largest research funding source. The Institute of Food and Agricultural Sciences (IFAS) continued to receive significant research support enabling it to continue our land-grant mission to sustain farmers and ranchers and improve the critical agriculture industry in Florida.
- The University received a record number of undergraduate applicants for the class of 2025 – nearly 53,000 compared to 49,600 in the prior year, despite the challenges of the pandemic, indicating that the



University of Florida is a preferred choice for students in the State, and increasingly throughout the nation and world. With the support of the Board of Trustees, we also began an initiative to improve the experience of graduate students, whose dedication especially during the pandemic was essential to maintaining the University's forward momentum. We have been able to provide a quality education while maintaining affordability, with no tuition increase, due in large part to the essential support of the State of Florida.

- The University of Florida Foundation achieved record philanthropy raising $562 million in fiscal year 2021 (as reported by CASE), achieving a total of $3.2 billion in the University of Florida Go Greater campaign, surpassing our goal of $3 billion.
- There is more construction on the Gainesville campus than at any time in our history – with significant renovation of our existing buildings, beautification of our campus, and addition of over 1 million square feet of space. In total, we are in the process of investing over $1 billion in our infrastructure. The new facilities will impact all areas of the University, including the initiation of a 263,000 square foot academic data science building, a 1,400-bed residence hall, a football training facility, and a student health center.
- The University received a donation of an undeveloped 27,000-acre property in south Osceola County – one of the largest tracts of land ever gifted to a university. We will maintain the landscape and use it as a living laboratory for teaching and research in land and forest management, water storage and conservation and insect and wildlife ecology, demonstrating our commitment to stewarding the environment and enhancing sustainability.
- UF Health continued to grow with a substantial increase in outpatient visits at its hospitals. Shands Teaching Hospital and Clinics recorded over 1.2 million outpatient visits representing an increase of 7.6% over the prior fiscal year, and Shands Jacksonville Healthcare had almost 600,000 outpatient visits, an 8.1% increase.
- Over 8,300 volunteer hours were committed through the Screen, Test & Protect (STP) program to community vaccination efforts during this past fiscal year. A reported 99% of STP's vaccinations were staffed by volunteers, representing an enormous collaborative effort to enhance the health and well-being of the community.

The following report summarizes the financial activities at the University of Florida, including our component entities and direct support organizations. These impressive results were achieved during unprecedented challenges and result from the extraordinary commitment and dedication of the entire University community, for which we remain deeply grateful.

Sincerely,
Christopher J. Cowen
Senior Vice President and Chief Financial Officer

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the University of 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, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Florida and of its aggregate discretely presented component units as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of University's Proportionate Share of the Total Other Postemployment Benefits Liability**, **Schedule of University's Proportionate Share of the Net Pension Liability – Florida Retirement System (FRS) Defined Benefit Pension Plan**, **Schedule of University Contributions – Florida Retirement System (FRS) Defined Benefit Pension Plan**, **Schedule of University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy (HIS) Defined Benefit Pension Plan**, and **Schedule of University Contributions – Health Insurance Subsidy (HIS) Defined Benefit Pension Plan** be presented to supplement the basic financial statements. Such information, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Florida's basic financial statements. The University Overview and the Introduction from the Senior Vice President and Chief Financial Officer, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The University Overview and the Introduction from the Senior Vice President and Chief Financial Officer have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

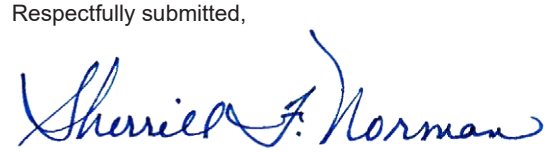
Report on Partial Comparative Information

We have previously audited the University of Florida's 2019-20 fiscal year financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 11, 2021. In our opinion, the partial comparative information presented as of and for the fiscal year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022, on our consideration of the University of 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 Florida's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
February 15, 2022
Audit Report No. 2022-124



MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Florida (the University) for the fiscal year ended June 30, 2021, and should be read in conjunction with the financial statements and notes thereto.



THE UNIVERSITY OF FLORIDA (the University) is a component unit of the State of Florida and one of only 17 universities in the country to have the distinction of land, sea and space grant status. As the State's flagship university, it is the only Florida institution to belong to the prestigious Association of American Universities. In addition, the University is one of only six in the country with colleges of law, medicine, agriculture, and veterinary medicine on one central campus, as well as undergraduate and graduate degrees available via distance and online learning. For the fifth year in a row, the University of Florida rose in the U.S. News & World Report rankings, based on up to fifteen key measures of quality, once again remaining the most highly ranked university in Florida and the only university in the state in the top 10; the University is now recognized as one of the Top 5 public research universities in the United States. As the University continues to climb, it remains highly accessible to students, its sixteen colleges offering students almost 100 undergraduate majors and 200 graduate programs, with an affordable tuition that allows more than half of the University's graduates to leave with no student loan debt.

The University of Florida's student population of over 57,000 makes it an integral part of Gainesville, a town of approximately 141,000 residents and the University's host city. The University of Florida has adopted a strategic development plan, based on an exploration of key issues within the university community and the City of Gainesville, which seeks to shape the University and the surrounding community's future over the next 40 to 50 years. This future is based on sustainable growth - with a 2,000-acre campus and more than 1,000 buildings, including the first Leadership in Energy and Environmental Design (LEED) Platinum-certified building in the state of Florida, the University now has more LEED-certified buildings than any other American university.

As the University continues to benefit from its Faculty 500 hiring initiative, the current student-faculty ratio is 17:1, compared to 21:1 five years ago. These new talents will enhance the University's ability in securing competitive research funding and provide graduate and undergraduate students an opportunity to work with these top scholars and researchers as part of their educational experience.

The financial reporting entity for the financial statements includes the University and its component units. Note 1 to the financial statements provides detailed information on the financial reporting entity and discretely presented component units.

This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities,* as amended by GASB Statements Nos. 37 and 38. The MD&A, 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, 2021, and June 30, 2020.

FINANCIAL HIGHLIGHTS

The University continues to maintain and protect its strong financial position, with assets of $5.0 billion at June 30, 2021. This reflects a $619.0 million, or 14.1%, increase from the 2019-20 fiscal year. During the fiscal year, the total investments increased $474.2 million. The primary investment objective of the University is the safety of the University's principal and liquidity. Secondary to this responsible financial stewardship is the optimization of investment income. The University succeeded in both objectives during the fiscal year, maximizing the use of available funds in a prudent manner.

In addition, capital assets increased $101.5 million, primarily due to capitalization of buildings and equipment, as the University continues to invest in updated facilities, including modern research laboratories, classrooms and advanced computers technology, in support of the University's strategic plan.

While total assets increased, liabilities also increased by $258.0 million, or 9.7%, totaling $2.9 billion at June 30, 2021, primarily due to the issuance of new Capital Improvement Debt and the change in Net Pension Liability. The University issued $215.5 million of new debt to fund the construction of new student housing facilities. The Net Pension Liability is determined by an actuarial valuation for the expected payments needed to fund projected plan benefits.

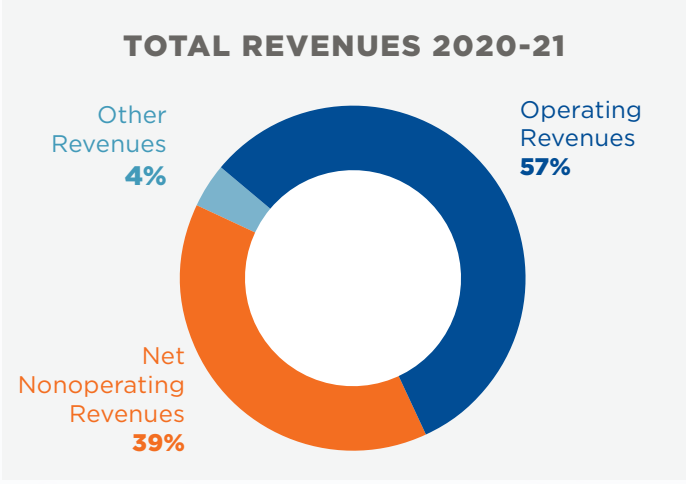
Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's net position increased by $218.8 million, resulting in a year-end balance of $2.1 billion.

The University of Florida has a strong and diverse revenue base. Operating revenues, which are revenues generated by the University in fulfilling its instruction, research, and public service missions, totaled $2.1 billion for the 2020-21 fiscal year, with a 3.1% increase over the 2019-20 fiscal year, a slight increase despite the impact of the COVID-19 pandemic. Major components of operating revenues are Student Tuition and Fees and Grants and Contracts.

Student Tuition and Fees, net of Scholarship Allowances, increased by $20.6 million, or 5.2% as the University

witnessed a slight increase in enrollment in in-state, out-of-state, and UF Online students.

The following chart provides a graphical presentation of the University's total revenues by category for the 2020-21 fiscal year:



Operating expenses totaled $3.4 billion for the 2020-21 fiscal year, representing a slight increase of $9.6 million compared to the 2019-20 fiscal year. Employee Compensation and Benefits expenses remained stable whereas other discretionary expenses contracted, underlining the University's commitment toward recruiting and retaining exceptional faculty and staff.

State Noncapital Appropriations, Net Investment Income, and Noncapital Grants, Contracts, and Gifts are all considered nonoperating revenues as they are not generated by the University's primary, ongoing operations. Net nonoperating revenues and expenses in the 2020-21 fiscal year increased by $103.9 million over the prior year, primarily from increases in the Fair Value of Investments as well as increased State Noncapital Appropriations.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the University's financial report includes 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.

The Statement of Net Position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University by employing the accrual basis of accounting, and presents the financial position of the University at a specified time. Net position, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, 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 Statement of Revenues, Expenses, and Changes in Net Position represents 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. GASB Statement No. 35 categorizes revenues and expenses 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 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 the 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 Operating Expenses table and in the notes to the financial statements.

Certain revenue sources that the University relies on to provide funding for operations, including State Noncapital Appropriations, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets.

Other Revenues are composed of State Capital Appropriations and Capital Grants, Contracts, and Donations.

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 assists 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 reflect the net cash used by the operating activities of the University. Cash flows from capital and related financing activities include activities of the capital funds and related long-term debt. Cash flows from investing activities reflect the net source and use of cash related to the purchases and sales of investments and income earned on those investments. Cash flows from noncapital financing activities include those activities not covered in the other sections.

The University's basic financial statements include discretely presented component units categorized as follows:

Direct-Support Organizations are separate, not-for-profit corporations organized and operated exclusively to assist the University in achieving excellence by providing supplemental resources from private gifts, bequests, and valuable education support services.

Health Science Center Affiliates are the several corporations closely affiliated with the University of Florida J. Hillis Miller Health Science Center, including the Faculty Practice Plans.

Shands Hospital and Others includes Shands Teaching Hospital and Clinics, Inc., a not-for-profit corporation that is contractually obligated to manage, operate, maintain, and insure the hospital facilities in support of the programs of the Health Science Center at the University of Florida. In addition, this category includes the University of Florida Self-Insurance Program and the University of Florida Healthcare Education Insurance Company.

STATEMENT OF NET POSITION

The following table 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 *(in millions)*		
	2021	**2020**
Assets:		
Current Assets	$ 2,131.9	$ 1,933.4
Capital Assets, Net	2,164.4	2,062.9
Other Noncurrent Assets	697.7	378.7
Total Assets	4,994.0	4,375.0
Deferred Outflows of Resources	529.3	459.3
Total Assets and Deferred Outflows of Resources	5,523.3	4,834.3
Liabilities:		
Current Liabilities	482.6	429.6
Noncurrent Liabilities	2,437.9	2,232.9
Total Liabilities	2,920.5	2,662.5
Deferred Inflows of Resources	485.6	273.4
Total Liabilities and Deferred Inflows of Resources	3,406.1	2,935.9
Net Position:		
Net Investment in Capital Assets	2,015.1	1,903.9
Restricted	417.5	366.5
Unrestricted	(315.4)	(372.0)
Total Net Position	**$ 2,117.2**	**$ 1,898.4**

The increase in assets followed a rise in total investments of $474.2 million. Investments increased primarily as a result of the strong market conditions and the rebound on investments from the prior year's volatility following the pandemic. Capital assets, depreciable and nondepreciable, increased by $101.5 million. The increase in capital assets demonstrates the continued importance the University places on providing modern facilities to enhance research and education.

The increase in current assets is primarily the result of the increase in current investments held from bond proceeds to begin the construction of new student housing facilities. Alternatively, current liabilities increased due to a combined increase of $43.0 million in Accounts Payable and Due to Component Units/ University. This is primarily due to the fluctuation in operating activity from year to year as fiscal year 2019-20 was affected by spending and travel restrictions.

The large increase in noncurrent liabilities is primarily due to a $230.6 million increase in Capital Improvement Debt Payable as the University issued a large bond to finance a new student housing project. In addition, there were large fluctuations in both Other Postemployment Benefits (OPEB) payable, which decreased $170.0 million, and in the noncurrent portion of Net Pension Liability, which increased $157.7 million. GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions,* requires employers participating in benefit plans other than pensions to report the projected benefit liability in accordance with the standard. The benefit liability is largely driven by actuarial valuations and measurements based on claims cost, age-adjusted premiums, benefit terms and legal agreements existing at the measurement date. Statement No. 68, *Accounting and Financial Reporting for Pensions,* requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plans. The change in the Net Pension Liability is driven in part by the market performance for the plan assets as of the measurement date for the plan liabilities.

The reported deferred outflows of resources and deferred inflows of resources are also required under GASB Statements No. 68 and No. 75.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table summarizes the University's activity for the 2020-21 and 2019-20 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position *(in millions)*		
	2020-21	**2019-20**
Operating Revenues	$ 2,081.3	$ 2,019.1
Operating Expenses	(3,397.1)	(3,387.5)
Operating Loss	(1,315.8)	(1,368.4)
Net Nonoperating Revenues	1,396.3	1,292.4
Income (Loss) Before Other Revenues	80.5	(76.0)
Other Revenues	138.3	60.7
Increase (Decrease) in Net Position	**218.8**	**(15.3)**
Net Position, Beginning of Year	**1,898.4**	**1,913.7**
Net Position, End of Year	**$ 2,117.2**	**$ 1,898.4**

The University continues to maintain a diverse revenue stream which serves to protect the University from over-reliance on a single revenue source. This diversification has helped the University show resistance to revenue loss and maintain stability of operations despite unexpected conditions resulting from the COVID-19 pandemic.

OPERATING REVENUES

The following table summarizes the operating revenues by source that were used to fund operating activities during the 2020-21 and 2019-20 fiscal years:

Operating Revenues *(in millions)*		
	2020-21	**2019-20**
Grants and Contracts	$ 1,514.8	$ 1,443.6
Student Tuition and Fees, Net of Scholarship Allowances	420.2	399.6
Sales and Services of Auxiliary Enterprises	93.0	114.7
Sales and Services of Educational Departments	51.8	53.8
Other	1.5	7.4
Total Operating Revenues	**$ 2,081.3**	**$ 2,019.1**

Total operating revenues remained consistent with the prior year. The increase in net student tuition and fees of $20.6 million is primarily due to additional enrollment in distance learning and professional degrees. Due to the University's response to the COVID-19 pandemic, some aspects of the operations subsided to ensure the safety of the students, faculty, staff, and public. Sales and Services of Auxiliary Enterprises experienced the greatest impact of this, with a decrease of $21.7 million.

OPERATING EXPENSES

The following table summarizes the operating expenses for each method of classification for the 2020-21 and 2019-20 fiscal years:

Operating Expenses *(in millions)*		
Natural Classification	**2020-21**	**2019-20**
Employee Compensation and Benefits	$ 2,458.9	$ 2,429.9
Services and Supplies	501.7	528.7
Scholarships, Fellowships and Waivers *	204.3	199.0
Depreciation	159.4	154.4
Utilities and Communications	72.8	75.5
Total Operating Expenses	**$ 3,397.1**	**$ 3,387.5**
Functional Classification	**2020-21**	**2019-20**
Public Service	$ 821.1	$ 784.9
Instruction	778.2	799.0
Research	730.3	739.8
Academic Support	237.5	239.6
Scholarships, Fellowships and Waivers *	204.3	199.0
Institutional Support	170.0	169.4
Depreciation	159.4	154.4
Operation and Maintenance of Plant	137.1	132.9
Auxiliary Enterprises	108.5	120.9
Student Services	50.7	47.6
Total Operating Expenses	**$ 3,397.1**	**$ 3,387.5**

** Net of Scholarship Allowances of $256.6 million in the 2020-21 fiscal year and $267.7 million in the 2019-20 fiscal year*

Operating expenses slightly increased due to a $29.0 million increase in Employee Compensation and Benefits, which was driven by a rise in the number of faculty and staff as the University remained committed to attract and retain talented faculty and staff. Services and Supplies decreased $27.0 million primarily due to travel restrictions implemented in response to the COVID-19 pandemic. Comparing expenses under the functional classification, Public Service is now the University's top expenditure classification, as UF Health continues to expand with new clinics and the acquisition of Central Florida Health.

NONOPERATING REVENUES AND EXPENSES

The following table summarizes the University's nonoperating revenues and expenses for the 2020-21 and 2019-20 fiscal years:

Nonoperating Revenues (Expenses) *(in millions)*		
	2020-21	**2019-20**
State Noncapital Appropriations	$ 841.5	$ 788.6
Federal and State Student Financial Aid	242.8	244.3
Noncapital Grants, Contracts, and Gifts	176.2	185.0
Investment Income, Net of Expenses	19.3	43.7
Net Increase in Fair Value of Investments	83.0	16.8
Loss on Disposal of Capital Assets	(0.6)	(0.1)
Interest on Capital Asset-Related Debt	(5.9)	(6.7)
Other Net Nonoperating Revenues	40.0	20.8
Net Nonoperating Revenues	**$ 1,396.3**	**$ 1,292.4**



Net Nonoperating Revenues increased when compared to the prior year. Other Net Nonoperating Revenues increased as the University received $46.5 million in Coronavirus Response and Relief Supplemental Appropriations Act funding in response to the COVID-19 pandemic. The Net Increase in the Fair Value of Investments increased by $66.2 million due to improved market performance as compared to the prior year. State Noncapital Appropriations also increased and reflects the State's commitment to support the modernization of the University's infrastructure.

OTHER REVENUES

The following table summarizes the University's other revenues for the 2020-21 and 2019-20 fiscal years:

Other Revenues *(in millions)*

	2020-21	2019-20
State Capital Appropriations	$ 53.6	$ 46.1
Capital Grants, Contracts, and Donations	84.7	14.6
Total Other Revenues	**$ 138.3**	**$ 60.7**

The increase of $77.6 million in Other Revenues is primarily due to a large donation of an AI Supercomputer in partnership with NVIDIA to enhance the University's research computing capabilities. In addition, capital donations for the construction of the Data Science and Information Technology Building slated for completion Summer of 2023 have increased.

STATEMENT OF CASH FLOWS

The following table summarizes cash flows for the 2020-21 and 2019-20 fiscal years:

Condensed Statement of Cash Flows *(in millions)*

	2020-21	2019-20
Cash Provided (Used) by:		
Operating Activities	$ (1,032.3)	$ (1,082.3)
Noncapital Financing Activities	1,324.8	1,206.3
Capital and Related Financing Activities	89.7	(150.1)
Investing Activities	(373.6)	20.0
Net Increase (Decrease) in Cash and Cash Equivalents	**8.6**	**(6.1)**
Cash and Cash Equivalents, Beginning of Year	**6.9**	**13.0**
Cash and Cash Equivalents, End of Year	**$ 15.5**	**$ 6.9**

The University's Statement of Cash Flows is based on the reporting structure outlined by GASB. A significant portion of the University's cash used to fund operating expenses is provided from non-exchange transactions such as State Appropriations, Financial Aid and Noncapital Grants, Contracts, and Gifts. These revenues are considered non-operating under GASB standards and are reflected as such in the University's Statement of Cash Flows.

Major sources of funds for the University came from Grants and Contracts ($1,505.5 million), State Noncapital Appropriations ($841.5 million), Student Tuition and Fees, Net ($414.0 million), Federal and State Financial Aid ($242.8 million), and Noncapital Grants, Contracts, and Gifts ($176.2 million). Major uses of funds were for Payments to Employees ($2,329.2 million), Payments to Suppliers for Goods and Services ($569.8 million), and the Purchase or Construction of Capital Assets ($207.8 million).

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2021, the University had approximately $4.8 billion in capital assets, less accumulated depreciation of $2.6 billion, for net capital assets of $2.2 billion. Depreciation charges for the current fiscal year totaled $159.4 million. Total Capital Assets increased in the 2020-21 fiscal year as construction continued on major projects. This increase reflects the University's dedication to an infrastructure and learning environment that supports its mission and strategic plan. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Total Capital Assets, Net *(in millions)*

	2021	2020
Land	$ 12.5	$ 12.5
Buildings	1,607.9	1,517.6
Infrastructure and Other Improvements	52.4	53.1
Furniture and Equipment	275.5	219.6
Library Resources	46.4	47.8
Property Under Capital Lease and Leasehold Improvements	12.5	13.6
Other Capital Assets	27.5	35.1
Construction in Progress	129.7	163.6
Total Capital Assets (Nondepreciable and Depreciable, Net)	**$ 2,164.4**	**$ 2,062.9**

Additional information about the University's capital assets is presented in Note 8 to the financial statements.

CAPITAL EXPENSES AND COMMITMENTS

Major capital expenses were incurred during the fiscal year on the University's largest projects, including the new

Data Science and Information Technology building ($17.8 million) and PK Yonge Middle & High School Expansion ($15.2 million), which are expected to transform the associated learning and research environments and support the continued growth of the campus community.

The University's construction commitments at June 30, 2021, are as follows:

Major Construction Commitments *(in millions)*		
Total Commitments	$	621.7
Completed to Date		129.7
Balance Committed	**$**	**492.0**

Additional information about the University's construction commitments is presented in Note 14 to the financial statements.

DEBT ADMINISTRATION

The University is mindful of its financial stewardship and manages resources effectively, including the prudent use of debt to finance capital projects. At June 30, 2021, the University had $387.9 million in outstanding capital asset-related debt. Capital asset-related debt primarily consist of bonds issued to fund major construction projects such as student housing, research buildings, student activity centers, and parking garages. The increase in Capital Improvement Debt is due to a new bond issue to finance a 1,400-bed residence hall, including housing for the Honors College. These new facilities will support the growing need for student housing on the University's main campus. The following table summarizes the outstanding capital asset-related debt by type of debt at June 30:

Capital Asset-Related Debt *(in millions)*				
		2021		**2020**
Capital Improvement Debt	$	380.1	$	149.5
Loans and Notes		3.9		4.3
Installment Purchase Agreements		2.1		2.6
Capital Leases		1.8		2.0
Total Capital Asset-Related Debt	**$**	**387.9**	**$**	**158.4**

Additional information about the University's capital asset-related debt is presented in Note 12 to the financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University of Florida remains financially secure despite the economic challenges posed by the COVID-19 pandemic. The Florida Economic Estimating Conference met on July 20, 2021, to adopt a new forecast for the State's economy. Economic activity has notably rebounded from Spring and Summer 2020. Florida is continuing to recover to pre-pandemic growth rates in sectors such as personal income, job growth, unemployment, and tourism. All indicators from Florida's economic outlook are positive but forecasters remain cautious due to the changing circumstances revolving around COVID-19 and related variants.

The University holds an AA- rating from Standard and Poor's Global Ratings (S&P), and an Aa2 rating from Moody's Investor Services. An annual comment on these ratings issued by Moody's in May 2021 predicted that the University will maintain its excellent strategic positioning as a prominent provider of higher education in the State. The University holds strong credit ratings even with a large increase in dormitory bonds due to a low debt burden, consistently positive operating performance, and a well-diversified revenue stream.

These strong ratings not only reflect the University's financial strength and reputation as a leading provider of higher education, but also enable the University to obtain competitive debt financing to support its mission and realize its strategic plan.

The University benefits from continued strong support from the State in fiscal year 2021-22. The State Appropriations for General Revenue and Lottery allocations totaled $928.3 million for the coming fiscal year. This included $20 million in operational support toward increased faculty hiring for the Artificial Intelligence initiative, as well as a $75 million non-recurring allocation for the New Worlds Reading Initiative, a Statewide program for which the UF Lastinger Center is serving as lead administrator. Included in the overall allocation is $50.2 million in performance funds and $58.5 million in funding to support preeminence. Furthermore, the budget includes $16.8 million in funding for the World Class Faculty & Scholar Program and $16.7 million in funding for the State University Professional and Graduate Degree Excellence Program. The fiscal year 2021-22 budget clearly reflects the sustained commitment of the Legislature and the Governor to support the University of Florida as a top five public research university that the State, nation, and world look to for leadership.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, financial statements and notes thereto, and other required supplementary information, or requests for additional financial information should be addressed to Olga N. Weider, Assistant Vice President and University Controller, P.O. Box 113200, Gainesville, Florida 32611.

STATEMENT OF NET POSITION

As of June 30, 2021 (amounts expressed in thousands)

	University of Florida		Component Units		
	2021	2020	Direct-Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
ASSETS					
Current Assets:					
Cash and Cash Equivalents (Note 1)	$ 11,447	$ 262	$ 89,012	$ 98,417	$ 325,101
Investments (Note 4)	1,805,751	1,650,553	113,798	47,642	588,698
Accounts Receivable, Net (Note 5)	123,216	118,293	113,519	206,737	441,312
Loans and Notes Receivable, Net (Note 5)	2,031	2,377	-	-	-
Due From State (Note 6)	106,014	97,849	-	-	8,597
Due From Component Units/University (Note 7)	71,916	56,306	254,609	23,510	121,653
Inventories	4,911	4,845	154	-	76,706
Other Current Assets	6,632	2,990	6,969	2,340	79,977
Total Current Assets	**2,131,918**	**1,933,475**	**578,061**	**378,646**	**1,642,044**
Noncurrent Assets:					
Restricted Cash and Cash Equivalents (Note 1)	4,052	6,589	34,007	-	-
Restricted Investments (Note 4)	496,119	211,580	2,526,983	7,492	1,185,206
Other Noncurrent Investments (Note 4)	171,505	137,029	-	-	-
Loans and Notes Receivable, Net (Note 5)	20,361	23,486	-	-	-
Depreciable Capital Assets, Net (Note 8)	2,017,474	1,882,250	246,869	122,068	1,443,328
Nondepreciable Capital Assets (Note 8)	146,897	180,627	125,017	6,014	200,315
Other Noncurrent Assets	5,625	-	26,192	852	177,146
Total Noncurrent Assets	**2,862,033**	**2,441,561**	**2,959,068**	**136,426**	**3,005,995**
TOTAL ASSETS	**4,993,951**	**4,375,036**	**3,537,129**	**515,072**	**4,648,039**
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Pension Resources (Note 10)	305,935	279,039	-	-	44,653
Deferred Outflows of Other Postemployment Benefits Payable (Note 10)	214,847	171,370	-	-	920
Other Deferred Outflows (Note 10)	8,543	8,883	-	-	62,861
TOTAL DEFERRED OUTFLOWS OF RESOURCES	529,325	459,292	-	-	108,434
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 5,523,276**	**$ 4,834,328**	**$ 3,537,129**	**$ 515,072**	**$ 4,756,473**
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 89,711	$ 78,538	$ 40,360	$ 31,455	$ 228,285
Salaries and Wages Payable	68,838	62,098	-	21,161	138,760
Due To Component Units/University (Note 7)	231,167	199,343	172,897	1,840	94,765
Unearned Revenue (Note 11)	46,690	40,281	68,975	40,217	366,060
Deposits Held in Custody	4,082	5,699	12	126	-
Other Current Liabilities	-	2,350	4,805	-	-
Long-Term Liabilities - Current Portion: (Note 12)					
Capital Improvement Debt Payable	10,178	9,992	-	-	-
Bonds Payable	-	-	6,775	4,553	26,831
Loans and Notes Payable	438	428	598	10,336	-
Installment Purchase Agreements Payable	555	570	-	-	367
Capital Leases Payable	212	199	-	115	3,660
Compensated Absences Payable	11,294	10,773	361	-	-
Other Postemployment Benefits Payable	17,345	16,023	-	-	-
Net Pension Liability (Note 13)	2,102	3,313	-	-	-
Liability for Self-Insured Claims	-	-	33,087	-	7,476
Total Current Liabilities	**482,612**	**429,607**	**327,870**	**109,803**	**866,204**

STATEMENT OF NET POSITION

As of June 30, 2021 (amounts expressed in thousands)

	University of Florida		Component Units		
	2021	2020	Direct-Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
Noncurrent Liabilities: (Note 12)					
Capital Improvement Debt Payable	$ 369,922	$ 139,454	$ -	$ -	$ -
Bonds Payable	-	-	157,485	100,843	1,285,124
Loans and Notes Payable	3,453	3,891	1,044	5,098	-
Installment Purchase Agreements Payable	1,604	2,047	-	-	748
Capital Leases Payable	1,568	1,781	-	118	10,412
Compensated Absences Payable	120,719	126,597	3,575	-	-
Other Postemployment Benefits Payable	1,051,663	1,222,978	-	-	4,339
Net Pension Liability (Note 13)	879,230	721,566	-	-	-
Liability for Self-Insured Claims	-	-	-	-	32,086
Other Noncurrent Liabilities	9,782	14,632	42,479	6,939	115,708
Total Noncurrent Liabilities	**2,437,941**	**2,232,946**	**204,583**	**112,998**	**1,448,417**
TOTAL LIABILITIES	**2,920,553**	**2,662,553**	**532,453**	**222,801**	**2,314,621**
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Pension Resources (Note 10)	15,712	48,509	4,835	-	52,264
Deferred Inflows of Other Postemployment Benefits Payable (Note 10)	469,874	224,913	-	-	2,073
Other Deferred Inflows (Note 10)	-	-	23,717	-	1,917
TOTAL DEFERRED INFLOWS OF RESOURCES	485,586	273,422	28,552	-	56,254
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**3,406,139**	**2,935,975**	**561,005**	**222,801**	**2,370,875**
NET POSITION					
Net Investment in Capital Assets	2,015,066	1,903,919	234,826	17,019	359,231
Restricted:					
Nonexpendable:					
Endowment	-	-	1,478,757	-	986
Expendable:					
Endowment	-	-	1,015,441	-	9,279
Loans	42,057	41,655	-	-	-
Capital Projects	305,734	259,395	-	-	-
Debt Service	6,849	4,536	-	-	-
Other	62,840	60,833	21,815	-	224,792
Unrestricted (Note 3)	(315,409)	(371,985)	225,285	275,252	1,791,310
TOTAL NET POSITION	2,117,137	1,898,353	2,976,124	292,271	2,385,598
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 5,523,276**	**$ 4,834,328**	**$ 3,537,129**	**$ 515,072**	**$ 4,756,473**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

for the Fiscal Year Ended June 30, 2021 (amounts expressed in thousands)

	University of Florida		Component Units		
	2020-21	2019-20	Direct-Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
OPERATING REVENUES					
Student Tuition and Fees	$ 676,831	$ 667,287	$ -	$ -	$ -
Scholarship Allowances	(256,637)	(267,661)	-	-	-
Student Tuition and Fees, Net of Scholarship Allowances	420,194	399,626	-	-	-
Federal Grants and Contracts	508,376	480,988	-	-	-
State and Local Grants and Contracts	51,053	46,763	-	-	-
Nongovernmental Grants and Contracts	955,354	915,825	-	-	-
Sales and Services of Auxiliary Enterprises	93,025	114,678	-	-	-
Sales and Services of Educational Departments	51,813	53,782	-	-	-
Sales and Services of Component Units	-	-	134,301	-	10,347
Hospital Revenues	-	-	-	1,109,398	2,994,940
Gifts and Donations - Component Units	-	-	236,793	-	-
Royalties and Licensing Fees - Component Units	-	-	46,076	-	-
Interest on Loans and Notes Receivable	814	1,037	-	-	-
Other Operating Revenues	631	6,335	5,319	98,154	64,755
Total Operating Revenues	**2,081,260**	**2,019,034**	**422,489**	**1,207,552**	**3,070,042**
OPERATING EXPENSES					
Employee Compensation and Benefits	2,458,870	2,429,894	59,629	117,989	1,317,444
Services and Supplies	501,671	528,756	385,063	259,657	1,513,289
Utilities and Communications	72,806	75,509	-	-	-
Scholarships, Fellowships, and Waivers, Net	204,339	198,968	-	-	-
Depreciation	159,379	154,351	12,249	12,052	146,171
Self-Insured Claims and Expenses	-	-	-	-	6,915
Total Operating Expenses (Note 18)	**3,397,065**	**3,387,478**	**456,941**	**389,698**	**2,983,819**
Operating Income (Loss)	**(1,315,805)**	**(1,368,444)**	**(34,452)**	**817,854**	**86,223**
NONOPERATING REVENUES (EXPENSES)					
State Noncapital Appropriations	841,469	788,598	8,338	-	7,050
Federal and State Student Financial Aid	242,831	244,325	-	-	-
Noncapital Grants, Contracts, and Gifts	176,150	185,017	-	-	-
Investment Income	21,457	47,244	585,955	57	188,847
Net Increase in the Fair Value of Investments	83,030	16,836	16	4,995	16,228
Investment Expenses	(2,116)	(3,559)	(319)	-	-
Other Nonoperating Revenues	48,258	24,126	10,395	-	75,873
Loss on Disposal of Capital Assets	(645)	(142)	(9,371)	(39)	(926)
Interest on Capital Asset-Related Debt	(5,900)	(6,742)	(3,255)	-	(42,458)
Other Nonoperating Expenses	(8,202)	(3,333)	(15,854)	(772,100)	(6,782)
Net Nonoperating Revenues (Expenses)	**1,396,332**	**1,292,370**	**575,905**	**(767,087)**	**237,832**
Income (Loss) Before Other Revenues	**80,527**	**(76,074)**	**541,453**	**50,767**	**324,055**
State Capital Appropriations	53,578	46,048	-	-	-
Capital Grants, Contracts, and Donations	84,679	14,640	-	-	-
Additions to Permanent Endowments	-	-	51,895	-	-
Total Other Revenues	**138,257**	**60,688**	**51,895**	-	-
Increase (Decrease) in Net Position	**218,784**	**(15,386)**	**593,348**	**50,767**	**324,055**
Net Position, Beginning of Year	**1,898,353**	**1,913,739**	**2,383,872**	**241,504**	**2,061,543**
Adjustment to Beginning Net Position (Note 2)	-	-	(1,096)	-	-
Adjusted Net Position, Beginning of Year, as Restated	**1,898,353**	**1,913,739**	**2,382,776**	**241,504**	**2,061,543**
Net Position, End of Year	**$ 2,117,137**	**$ 1,898,353**	**$ 2,976,124**	**$ 292,271**	**$ 2,385,598**

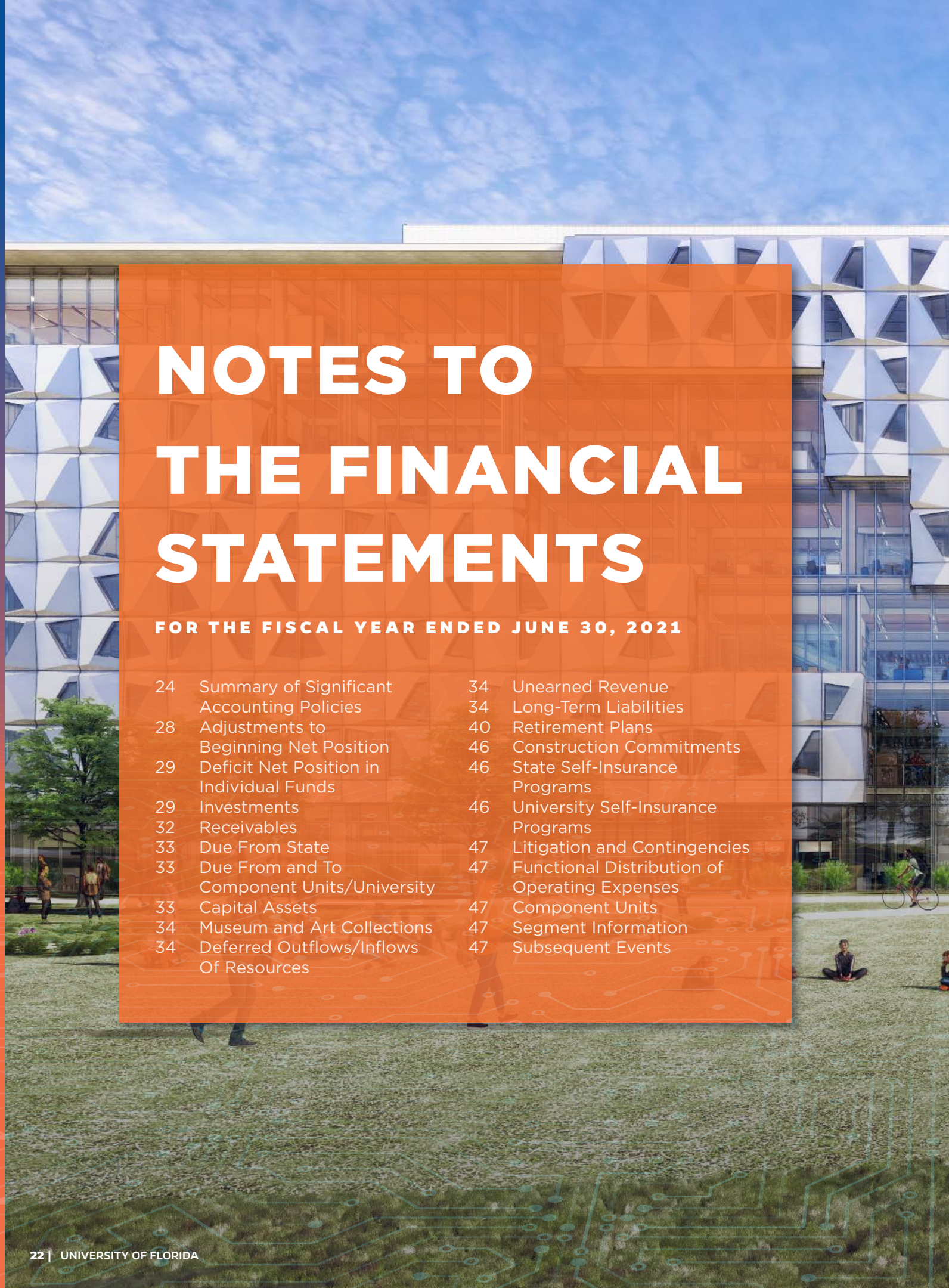
The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the Fiscal Year Ended June 30, 2021 (amounts expressed in thousands)

	University of Florida	
	2020-21	**2019-20**
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees, Net	$ 413,976	$ 395,139
Grants and Contracts	1,505,518	1,423,555
Sales and Services of Auxiliary Enterprises	95,083	108,096
Sales and Services of Educational Departments	55,220	52,807
Repayment of Loans and Notes Receivable from Students	8,726	10,447
Interest on Loans Receivable	847	1,046
Other Operating Receipts (Disbursements)	(3,037)	5,282
Payments to Employees	(2,329,236)	(2,258,279)
Payments to Suppliers for Goods and Services	(569,839)	(615,376)
Payments to Students for Scholarships and Fellowships	(204,339)	(198,968)
Loans Issued to Students	(5,256)	(6,044)
Net Cash Used by Operating Activities	**(1,032,337)**	**(1,082,295)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Noncapital Appropriations	841,469	788,598
Federal and State Financial Aid	242,831	244,325
Noncapital Grants, Contracts, and Gifts	176,150	185,017
Direct Loan Program Receipts	221,959	216,047
Direct Loan Program Disbursements	(221,976)	(216,056)
Net Change in Funds Held for Others	28,509	(23,153)
Other Nonoperating Receipts	47,709	23,969
Other Nonoperating Disbursements	(11,808)	(12,492)
Net Cash Provided by Noncapital Financing Activities	**1,324,843**	**1,206,255**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Capital Debt	239,532	-
State Capital Appropriations	45,412	48,486
Capital Grants, Contracts, and Donations	28,316	14,444
Proceeds from Sales of Capital Assets	746	898
Other Receipts for Capital Projects	555	158
Purchase or Construction of Capital Assets	(207,772)	(196,750)
Principal Paid on Capital Debt and Leases	(11,400)	(10,649)
Interest Paid on Capital Debt and Leases	(5,662)	(6,742)
Net Cash Provided (Used) by Capital and Related Financing Activities	**89,727**	**(150,155)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	1,999,274	2,236,008
Purchase of Investments	(2,393,707)	(2,262,702)
Investment Income	20,848	46,719
Net Cash Provided (Used) by Investing Activities	**(373,585)**	**20,025**
Net Increase (Decrease) in Cash and Cash Equivalents	**8,648**	**(6,170)**
Cash and Cash Equivalents, Beginning of Year	**6,851**	**13,021**
Cash and Cash Equivalents, End of Year	**$ 15,499**	**$ 6,851**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (1,315,805)	$ (1,368,444)
Adjustments to Reconcile Operating Loss to Net		
Cash Used by Operating Activities:		
Depreciation and Amortization Expense	159,689	154,664
Change in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:		
Receivables, Net	(3,322)	(15,831)
Due From Component Units	(15,610)	4,935
Inventories	(66)	(354)
Other Assets	(10,097)	(216)
Accounts Payable	14,490	(10,854)
Salaries and Wages Payable	6,740	11,006
Unearned Revenue	6,409	(17,918)
Deposits Held in Custody	2,341	109
Other Postemployment Benefits Payable	(169,993)	195,453
Compensated Absences Payable	(5,357)	12,534
Net Pension Liability	156,453	80,761
Deferred Outflows – Pension and OPEB	(70,373)	(124,371)
Deferred Inflows – Pension and OPEB	212,164	(3,769)
NET CASH USED BY OPERATING ACTIVITIES	**$ (1,032,337)**	**$ (1,082,295)**
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES: *The following are recognized on the Statement of Net Position or the Statement of Revenues, Expenses, and Changes in Net Position, but are not cash transactions for the Statement of Cash Flows:*		
Unrealized gain on investments	$ 83,030	
Donation of capital assets	$ 56,363	
Gain on bond refunding	$ 738	
Loss on disposal of capital assets	$ (645)	

The accompanying notes are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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ARTIST RENDERING

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the University of Florida are described below to enhance the usefulness of the financial statements.

A. REPORTING ENTITY

The University of Florida 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 thirteen members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five 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 Florida Board of Governors' Regulations. The Trustees select 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 or incomplete. Based on the application of these criteria, the University of Florida is a component unit of the state of Florida, and its financial balances and activities are discretely presented in the State's Annual Comprehensive Financial Report.

B. DISCRETELY PRESENTED COMPONENT UNITS

Based on the application of the criteria for determining component units, certain affiliated organizations are required to be included within the University reporting entity as discretely presented component units because of the significance of their relationship with the University. These organizations are legally separate from the University and are governed by separate boards. The University further categorizes its component units as Direct-Support Organizations, Health Science Center Affiliates, and Shands Hospital and Others. 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 is presented in Note 19.

However, financial activities of certain component units are not included in the University's financial statements and are denoted below with an asterisk (*). The total assets and operating revenues related to these component units are $27 million and $16 million, respectively. These amounts represent less than one percent of the total aggregate component units' assets and operating revenues.

C. DIRECT-SUPPORT ORGANIZATIONS

The University's direct-support organizations, as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011, are considered component units of the University of Florida and, therefore, the latest audited financial statements of these organizations are discretely presented in the financial statements of the University. These legally separate, not-for-profit corporations are organized and operated exclusively to assist the University in achieving excellence by providing supplemental resources from private gifts and bequests and valuable education support services. 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 Florida Foundation, Inc.,** solicits, collects, manages, and directs contributions to the various academic departments and programs of the University and assists the University in fund raising, public relations, and maintenance of alumni records. Their financial statements include the activities of the University of Florida Alumni Association, Inc.

- **The University Athletic Association, Inc.,** conducts various inter-collegiate athletic programs for and on behalf of the University.

- **University of Florida Research Foundation, Inc.,** promotes, encourages, and assists research activities of the University through income derived from or related to the development and commercialization of intellectual properties, which include inventions, discoveries, processes, and work products.

- **GatorCare Health Management Corporation** coordinates and facilitates the management of the self-insured health insurance plan of the University and its participating affiliated employers, collecting and paying employer and employee premiums.

- **Florida Foundation Seed Producers, Inc.,** supplies Florida farmers and producers with crop seed and nursery stock. This organization stocks foundation seed of the best-known varieties acceptable to Florida climate and soils in adequate quantities and at reasonable prices.

- **University of Florida Development Corporation** develops and maintains Innovation Square where the University-owned Florida Innovation Hub is located.

- **Gator Boosters, Inc.,** solicits funds for the benefit of the University athletic programs.

- **Citrus Research and Development Foundation, Inc.,** advances disease and production research and product development activities to ensure the survival and competitiveness of Florida's citrus growers through innovation.

- **University of Florida Alumni Association, Inc.,** supports activities of the alumni of the University of Florida. Its financial transactions are reflected in the financial statements of the University of Florida Foundation, Inc.

- **Florida 4-H Club Foundation, Inc.,*** promotes the educational objectives of the 4-H Youth Development Program, an official part of the Florida Cooperative Extension Service.

- **University of Florida Leadership and Education Foundation, Inc.,*** furthers agriculture and natural resources education and related activities, promotes agriculture and natural resources leadership, and makes contributions to and confers benefits upon the University.

- **University of Florida Investment Corporation*** promotes the educational purposes of the University of Florida by providing investment research, advice, counsel, and management to and for the University Board of Trustees and affiliated organizations of the University.

- **UF Historic St. Augustine, Inc.,*** ensures the long-term preservation and interpretation of State-owned historic properties in St. Augustine.

- **Southwest Florida Research and Education Foundation, Inc.,*** provides research and educational support to the University of Florida Southwest Florida Research and Education Center.

- **Cattle Enhancement Board, Inc.,*** promotes research, education and extension at, or for the benefit of, the Institute of Food and Agricultural Sciences at the University of Florida on issues related to the Florida cattle industry, including, but not limited to production, disease prevention, forage development, and genetic research and technology.

D. HEALTH SCIENCE CENTER AFFILIATES

The corporations listed below, except Faculty Clinic, Inc., are Faculty Practice Plans, as provided for in Board of Governors Regulation 9.017. The Faculty Practice Plans provide educationally-oriented clinical practice settings and opportunities through which faculty members provide health, medical, veterinary, and dental care to patients as an integral part of their academic activities and their employment as faculty. Because these faculty practice activities generate income, the colleges are authorized to regulate fees generated from faculty practice and maintain Faculty Practice Plans for the orderly collection and distribution of fees. These organizations provide significant support for the clinical instruction function of the University of Florida J. Hillis Miller Health Science Center (JHMHC) and are component units of the University of Florida.

- **Florida Clinical Practice Association, Inc.,** bills and collects clinical professional fees to support the educational, research, and service programs of the University of Florida College of Medicine.

- **University of Florida Jacksonville Physicians, Inc.,** bills and collects professional fees from the clinical practice of the University of Florida physicians in order to fund and promote the educational, clinical and research missions, and support the clinical activities, of the Jacksonville campus of the College of Medicine.

- **Faculty Associates, Inc.,** bills and collects clinical professional fees to support the educational, research, and service programs of the University of Florida College of Dentistry.

- **Florida Veterinary Medicine Faculty Association, Inc.,** bills and collects clinical professional fees to support the educational, research, and service programs of the University of Florida College of Veterinary Medicine.

- **University of Florida College of Pharmacy Faculty Practice Association, Inc.,** performs billing and collection of fees to support the educational, research, and service programs of the University of Florida College of Pharmacy.

- **Faculty Clinic, Inc.,*** operates primarily as a facility management company that leases space to Shands Jacksonville and University of Florida Jacksonville Physicians, Inc.

- **University of Florida College of Nursing Faculty Practice Association, Inc.,*** performs billing and collection of professional fees to support the educational, research, and service programs of the University of Florida College of Nursing.

- **Florida Health Professions Association, Inc.,*** performs billing and collection of clinical professional fees to support the educational, research, and service programs of the University of Florida College of Public Health and Health Professions.



E. SHANDS HOSPITAL AND OTHERS

■ **Shands Teaching Hospital and Clinics, Inc.,** (Shands) was incorporated October 15, 1979, as a not-for-profit corporation. Shands, a major tertiary care teaching institution, is a leading referral center in the state of Florida and the southeast United States and facilitates medical education programs at the University.

Shands entered into a contractual agreement with the State Board of Education as of July 1, 1980, as subsequently restated and amended, to provide for the use of hospital facilities at the JHMHC through December 31, 2057, with renewal provisions. The contractual agreement also provides for the transfer to Shands of all other assets and liabilities arising from the operation of the hospital facilities prior to July 1, 1980. At termination of the contractual agreement, the net position of Shands reverts to the State Board of Education. Legal title to all buildings and improvements transferred to Shands remains with the state of Florida during the term of the contractual agreement. The contractual agreement provides for a 12-month grace period for any event of default, other than the bankruptcy of Shands. In addition, the contractual agreement limits the right of the State Board of Education to terminate the contractual agreement solely to the circumstance in which Shands declares bankruptcy and, in such event, requires net revenues derived from the operation of the hospital facilities to continue to be applied to the payment of Shands' debts.

Under the terms of the contractual agreement, Shands is obligated to manage, operate, maintain, and insure the hospital facilities in support of the programs of the JHMHC and further agrees to contract with the State Board of Education for the provision of these programs. By operation of law, the University of Florida Board of Trustees has become the successor-in-interest to the State Board of Education.

■ **Shands Jacksonville HealthCare, Inc.,** (Shands Jacksonville) is a Florida not-for-profit corporation. Shands Jacksonville was organized primarily to provide healthcare and related services to the community, including the City of Jacksonville and surrounding counties, and to support the teaching and research missions of the University.

■ **University of Florida Self-Insurance Program** (the Program) was created by the Florida Board of Regents, succeeded by the Florida Board of Governors, pursuant to Section 1004.24, Florida Statutes. The Program provides comprehensive general liability and professional liability (malpractice) coverage for the University of Florida and affiliated teaching hospitals that are providing education in healthcare or veterinary services.

University of Florida Healthcare Education Insurance Company (HEIC) was created on September 1, 1994, as a self-insurance mechanism created pursuant to Section 1004.24, Florida Statutes. HEIC writes coverage for the participants in the Self-Insurance Program (the Program) for loss exposure above the Program's retention. HEIC obtains excess loss reinsurance coverage from commercial insurance carriers for certain layers of exposure.

F. 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 of Florida has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

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

G. 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 and its component units' 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 non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University and its component units 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 on capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income. 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 scholarships, discounts, and allowances. Tuition scholarships, discounts, and allowances are the differences between the stated charge for goods and services provided by the University and the amount that is actually paid by a student or a third-party making payments 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 scholarships, discounts, and 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 to be 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.*

H. CASH AND CASH EQUIVALENTS

The amount reported by the University as cash and cash equivalents consists of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets or other restricted assets, are classified as restricted.

I. INVESTMENTS AND FAIR VALUE MEASUREMENT

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The University reports certain investments at net asset value as allowed per GASB Statement No. 72, *Fair Value Measurement and Application*.

J. CAPITAL ASSETS

University capital assets consist of land, construction in progress, works of art and historical treasures, buildings, infrastructure and other improvements, furniture and equipment, library resources, property under capital lease and leasehold improvements, computer software, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value on 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. The costs of all new buildings and projects adding new square footage are capitalized. Infrastructure and leasehold improvements have a $250,000 capitalization threshold. For building renovations, the threshold is $250,000, or the entire amount if the costs are at least 25% of the cost basis of the building. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 5 to 50 years, depending on construction
- Infrastructure and Other Improvements – 10 to 50 years
- Furniture and Equipment – 3 to 20 years
- Library Resources – 10 years
- Property Under Capital Lease and Leasehold Improvements – up to 50 years
- Computer Software – 5 years

K. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of capital improvement debt payable, loans and notes payable, installment purchase agreements payable, capital 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 payable is reported net of unamortized premiums or discounts and losses on refunding. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method. Losses on refunding are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method.

L. 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. ADJUSTMENTS TO BEGINNING NET POSITION

The beginning net position of GatorCare Health Management Corporation was decreased by $1,096,106 due to the implementation of GASB 84, *Fiduciary Activities,* which establishes criteria for identifying and reporting fiduciary activities of state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. GatorCare Health Management Corporation considers its custodial funds to meet the criteria for reporting as fiduciary funds.

Table 1 summarizes adjustment to the beginning net position of GatorCare Health Management Corporation reported in the Direct Support Organization column of the Statement of Revenues, Expenses, and Changes in Net Position:

Table 1. Adjustments to Beginning Net Position - Component Units

Description	Direct-Support Organizations
GatorCare Health Management Corporation	$ (1,096,106)
Total Adjustments to Beginning Net Position	**$ (1,096,106)**

3. DEFICIT NET POSITION IN INDIVIDUAL FUNDS

The University reported a net position which included a deficit in unrestricted funds as shown in Table 2. This deficit can be attributed to the full recognition of long-term liabilities (i.e. net pension liabilities – GASB Statement No. 68 and OPEB payable – GASB Statement No. 75) in these funds.

Table 2. Deficit Net Position in Individual Funds

Description	Net Position
Unrestricted	$ (315,409,303)
Total	**$ (315,409,303)**

4. 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 University's 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; 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; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's 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. Investments of the University and its component units at June 30, 2021, are reported at fair value and shown in Tables 3 through 6.

Table 3. University Investments

Investments by Fair Value Level	Total	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)	Fair Value Measurements Using: Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	$ 1,031,096,660	$ -	$ -	$ 1,031,096,660
State Board of Administration Debt Service Accounts	21,598,894	21,598,894	-	-
Total Investments by Fair Value Level	1,052,695,554	$ 21,598,894	$ -	$ 1,031,096,660
Investments Measured at the Net Asset Value (NAV)				
Private Equity Funds	1,420,679,567			
Total University Investments	**$ 2,473,375,121**			

Table 4. University Investments Measured at the NAV

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private Equity Funds	**$ 1,420,679,567**	**$ -**	N/A	N/A

University investments measured at net asset value are comprised of the following category:

- **Private Equity Funds** – This category includes investments in several limited partnership funds that invest in equity securities and debt of private companies.

Table 5. Component Unit Investments

Investments by Fair Value Level	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)
External Investment Pool:				
State Treasury Special Purpose Investment Account	$ 389,506,186	$ -	$ -	$ 389,506,186
Certificates of Deposit	2,600,416	2,600,416	-	-
Commercial Paper	8,230,006	8,230,006	-	-
US Guaranteed Obligations	388,065	-	388,065	-
Federal Agencies	6,157,166	-	6,157,166	-
Domestic Bonds and Notes	148,812,938	128,124,000	20,688,938	-
International Bonds and Notes	-	-	-	-
Domestic Stock	94,282,070	94,243,824	38,246	-
International stock	43,735,000	43,735,000	-	-
Bond Mutual Funds	207,345,146	152,384,510	54,960,636	-
Equity Mutual Funds	177,857,021	115,096,515	62,760,506	-
Other Investments	57,687,506	39,684,431	15,711,060	2,292,015
Real Estate Investments Not Measured at NAV	3,746,000	3,746,000	-	-
Other Investments Not Measured at NAV	1,178,000	-	1,178,000	-
Total Investments by Fair Value Level	1,141,525,520	$ 587,844,702	$ 161,882,617	$ 391,798,201
Investments Measured at the Net Asset Value (NAV)				
International Equity	1,299,102			
Real Estate Investments (Directly Owned)	5,189,313			
Hedge Funds	6,709,891			
Private Equity Funds	3,262,117,172			
Total Investments Measured at the NAV	3,275,315,478			
Total Investments Measured at Fair Value	4,416,840,998			
Other				
Money Market Funds	19,814,849			
Cash Surrender Value of Life Insurance Policy	521,381			
Certificates of Deposits	6,517,000			
Cash Collateral on Deposit with Swap Counterparty	1,720,000			
Real Estate Investments	15,526,000			
Other Investments	8,878,281			
Total Other Investments	52,977,511			
Total Component Unit Investments	**$ 4,469,818,509**			

Table 6. Component Unit Investments Measured at the NAV

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
International Equity	$ 1,299,102	$ -	Illiquid	N/A
Real Estate Investments	5,189,313	-	Illiquid	N/A
Hedge Funds	6,709,891	-	Quarterly	45 Days
Private Equity Funds	3,262,117,172	291,944,687	Monthly	30 Days
Total Investments Measured at the NAV	**$ 3,275,315,478**	**$ 291,944,687**		

Component unit investments measured at net asset value are comprised of the following categories:

- **International Equity –** This category includes an investment in a foreign-based publicly-traded company focused on providing law enforcement with new tools and technology.
- **Real Estate Investments –** This category includes an investment in the form of real estate with donor restrictions. The real estate is held at fair value less estimated costs to sell.

■ **Hedge Funds –** This category includes an investment in a hedge fund in which the fund manager is authorized to invest in a broad spectrum of securities that include, but are not limited to, the following: equity and debt securities, currency, commodities, foreign debt, options, futures, and swaps.

■ **Private Equity Funds –** This category includes investments in several limited partnership funds that invest in equity securities and debt of private companies.

A. EXTERNAL INVESTMENT POOLS

The University and its discretely presented component units (see Note 1) reported investments at fair value totaling $1,031,096,660 and $389,506,186 respectively, at June 30, 2021, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The SPIA investment pool carried a credit rating of AA-f by Standard & Poor's and had an effective duration of 2.60 years and fair value factor of 0.984 at June 30, 2021. Participants contribute to the 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 the financial statements of the State's Annual Comprehensive Financial Report.

B. OTHER INVESTMENTS

In addition to external investment pools, the University and its discretely presented component units invested in various debt and equity securities, money market funds, and mutual funds. For the University, the majority of the other investments are private equity funds managed by the University of Florida Investment Corporation (UFICO). For the University's discretely presented component units, other investments are those reported primarily by the University of Florida Foundation, Inc., The University Athletic Association, Inc., Florida Clinical Practice Association, Inc., Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville HealthCare, Inc., and the University of Florida Self-Insurance Program. 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's component units in debt securities, bonds and notes, and bond mutual funds, and their future maturities at June 30, 2021, are shown in Table 7.

■ **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 private equity funds are unrated. At June 30, 2021, the University's component units had bonds and notes and bond mutual funds, with quality ratings by nationally recognized rating agencies (e.g., Moody's Investors Service), as shown in Table 8.

■ **Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk relates to investment securities that are held by someone other than the University and are not registered in the University's name. The University has no formal policy on custodial credit risk. The component units manage their custodial credit risk based on various investment policies, which may be obtained separately from the component units.

■ **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investments in a single issuer. The University has no formal policy on concentration of credit risk. The component units manage their concentration of credit risk based on various investment policies, which may be obtained separately from the component units.

5. RECEIVABLES

A. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for grant and contract reimbursements due from third parties, student tuition and fees, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. Accounts receivable, net of an allowance for uncollectible accounts, reported as of June 30, 2021, are summarized in Table 9.

Table 9. Accounts Receivable

Description		
Grants and Contracts	$	86,896,334
Student Tuition and Fees		26,299,501
Sales and Services		9,121,323
Interest		898,717
Total Accounts Receivable, Net	**$**	**123,215,875**

B. LOANS AND NOTES RECEIVABLE

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

Table 7. Component Units Debt Investment Maturities

		Investment Maturities (in years)			
Types of Investments	**Fair Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
United States Government and Federally-Guaranteed Obligations	$ 388,065	$ 40,255	$ 314,951	$ 32,859	$ -
Federal Agency Obligations	6,157,166	1,599,937	1,472,313	3,084,916	-
Bonds and Notes	148,812,938	9,716,564	7,129,957	37,064,417	94,902,000
Bond Mutual Funds	207,345,146	4,264,730	183,634,396	19,446,020	-
Total	**$ 362,703,315**	**$ 15,621,486**	**$ 192,551,617**	**$ 59,628,212**	**$ 94,902,000**

Table 8. Component Units Debt Investments Quality Ratings

Types of Investments	**Fair Value**	**AAA/Aaa**	**AA/Aa**	**A/Ba**	**Less than A/Ba or Not Rated**
Federal Agency Obligations	$ 6,157,166	$ -	$ 4,420,170	$ -	$ 1,736,996
Bonds and Notes	148,812,938	10,789,065	516,111	3,789,156	133,718,606
Money Market Funds	19,814,849	4,723,849	-	-	15,091,000
Bond Mutual Funds	207,345,146	71,998,382	63,683,719	32,867,530	38,795,515
Total	**$ 382,130,099**	**$ 87,511,296**	**$ 68,620,000**	**$ 36,656,686**	**$ 189,342,117**

C. ALLOWANCES FOR UNCOLLECTIBLE RECEIVABLES

Allowances for uncollectible accounts and loans and notes receivable are reported based upon management's best estimate as of fiscal year-end, considering type, age, collection history, and other factors considered appropriate. Accounts receivable for student tuition and fees, various sales and services provided to students and third parties, and interest are reported net of an allowance of $13,165,941 which is 26.7% of total related accounts receivable. Loans and notes receivable are reported net of an allowance of $4,067,522 which is 15.4% of total related loans and notes receivable. No allowance has been accrued for grants and contracts receivable. University management considers these to be fully collectible.

6. DUE FROM STATE

This amount consists of $106,014,327 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, and general revenue allocations due from the State to the University for construction of University facilities.

7. DUE FROM AND TO COMPONENT UNITS/ UNIVERSITY

Component units' due from and due to amounts include receivables and payables between the various component unit columns. Some component units are not presented (see Note 1). Accordingly, amounts reported by the University as due from and to component units on the Statement of Net Position may not agree with amounts reported by the component units as due from and to the University.

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2021, is presented in Table 10.

Table 10. Capital Assets

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 12,467,035	$ -	$ -	$ 12,467,035
Construction in Progress	163,580,654	142,334,197	176,223,470	129,691,381
Works of Art and Historical Treasures	4,579,559	158,998	-	4,738,557
Total Nondepreciable Capital Assets	**180,627,248**	**142,493,195**	**176,223,470**	**146,896,973**
Depreciable Capital Assets:				
Buildings	3,092,301,965	180,696,917	2,894,891	3,270,103,991
Infrastructure and Other Improvements	143,745,886	3,446,509	-	147,192,395
Furniture and Equipment	683,699,039	104,244,658	20,283,385	767,660,312
Library Resources	371,561,751	8,769,191	-	380,330,942
Property Under Capital Lease and Leasehold Improvements	24,987,155	-	-	24,987,155
Computer Software	62,886,853	-	-	62,886,853
Other Capital Assets	1,230,752	41,125	55,000	1,216,877
Total Depreciable Capital Assets	4,380,413,401	297,198,400	23,233,276	4,654,378,525
Less Accumulated Depreciation:				
Buildings	1,574,724,832	90,133,426	2,619,904	1,662,238,354
Infrastructure and Other Improvements	90,598,572	4,202,780	-	94,801,352
Furniture and Equipment	464,122,118	45,970,807	17,967,001	492,125,924
Library Resources	323,758,891	10,109,088	-	333,867,979
Property Under Capital Lease and Leasehold Improvements	11,339,995	1,140,877	-	12,480,872
Computer Software	32,843,002	7,670,770	-	40,513,772
Other Capital Assets	775,688	151,499	51,333	875,854
Total Accumulated Depreciation	2,498,163,098	159,379,247	20,638,238	2,636,904,107
Total Depreciable Capital Assets, Net	**1,882,250,303**	**137,819,153**	**2,595,038**	**2,017,474,418**
Total Capital Assets, Net	**$ 2,062,877,551**	**$ 280,312,348**	**$ 178,818,508**	**$ 2,164,371,391**

9. MUSEUM AND ART COLLECTIONS

The Florida Museum of Natural History, which is the official state-sponsored and chartered natural history museum and part of the University, maintains a depository of biological, paleontological, archaeological, and ethnographic materials. The Museum's collections contain over 40 million specimens and objects, more than half of which are catalogued, either individually or in lots. While many of the collections are undoubtedly quite valuable and irreplaceable, the University has not placed a dollar value on these items and, accordingly, the financial statements do not include these assets.

The Samuel P. Harn Museum of Art, which is also part of the University, maintains a collection of over 11,000 works of art. In accordance with professional practice among the nation's art museums, and in compliance with museum accreditation standards, the University has not placed a dollar value on these items.

10. DEFERRED OUTFLOWS/ INFLOWS OF RESOURCES

Certain changes in the University's proportionate share of the net pension liabilities of the cost-sharing multiple-employer Florida Retirement System and Health Insurance Subsidy defined benefit plans, as well as in the University's proportionate share of the total other postemployment benefits liability of the Division of State Group Insurance, are reported as deferred outflows and inflows of resources. These include changes in actuarial assumptions, differences between actual and expected experience in the measurement of the liabilities, the net difference between projected and actual earnings on pension plan investments as well as changes in the University's proportion of the collective liabilities since the prior measurement date, and changes between the University's contributions and its proportionate share of contributions. In addition, University contributions to the pension and other postemployment benefits plans subsequent to the measurement date for the collective liabilities are reported as deferred outflows of resources. See Note 12 for a discussion of the University's other postemployment benefits payable and the related deferred outflows and inflows of resources. See Note 13 for a complete discussion of the University's defined benefit pension plans and the related deferred outflows and inflows of resources. Other deferred outflows consist of the resources tied to the asset retirement obligation recorded by the University under GASB Statement No. 83. See Note 12 for a complete discussion of the University's asset retirement obligation and the related deferred outflows.

11. UNEARNED REVENUE

Unearned Revenue includes amounts received prior to the end of the fiscal year but related to subsequent accounting periods. Unearned Revenue as of June 30, 2021, is summarized in Table 11.

Table 11. Unearned Revenue

Description	
Grants and Contracts	$ 33,864,890
Student Tuition and Fees	5,189,600
Auxiliary Enterprises	7,635,407
Total Unearned Revenue	**$ 46,689,897**

12. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2021, include capital improvement debt payable, loans and notes

Table 12. Long-Term Liabilities

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Asset-Related Debt:					
Capital Improvement Debt Payable	$ 149,445,913	$ 281,797,931	$ 51,143,647	$ 380,100,197	$ 10,178,000
Loans and Notes Payable	4,318,943	-	427,671	3,891,272	437,734
Installment Purchase Agreements Payable	2,617,227	-	458,021	2,159,206	555,440
Capital Leases Payable	1,979,861	-	199,466	1,780,395	212,331
Total Capital Asset-Related Debt	158,361,944	281,797,931	52,228,805	387,931,070	11,383,505
Other Long-Term Liabilities:					
Compensated Absences Payable	137,369,918	7,199,787	12,556,760	132,012,945	11,293,926
Other Postemployment Benefits Payable	1,239,000,712	471,251,082	641,243,595	1,069,008,199	17,344,924
Net Pension Liability	724,878,511	451,204,054	294,750,759	881,331,806	2,102,059
Other Noncurrent Liabilities	14,632,124	131,000	4,981,217	9,781,907	-
Total Long-Term Liabilities	**$ 2,274,243,209**	**$ 1,211,583,854**	**$ 1,005,761,136**	**$ 2,480,065,927**	**$ 42,124,414**

payable, installment purchase agreements payable, capital leases payable, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities. Long-term liability activity for the fiscal year ended June 30, 2021, is presented in Table 12.

A. CAPITAL IMPROVEMENT DEBT PAYABLE

Capital improvement debt is issued to construct student housing, parking, and various other University facilities. The outstanding debt for student housing and the parking facilities is secured by a pledged portion of housing rental revenues and parking fees. The outstanding debt for the Clinical Translational Research Building is secured by a pledged portion of indirect cost revenues received by the College of Medicine. The outstanding debt for the renovation and expansion of the student activity center building is secured by a pledged portion of the student and activity fees. Pledged revenues are equal to the remaining debt service requirements to maturity for the capital improvement debt.

On October 14, 2020, the Florida Board of Governors, on behalf of the University, issued $19,025,000 of University of Florida Clinical Translational Research Building Revenue Bonds, Series 2020A. Proceeds from these bonds were used to advance refund the $18,737,000 principal amount of the Series 2011 Bonds. The refunding bonds were used to purchase securities, which were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's Statement of Net Position. As a result of the refunding, the University reduced its debt service requirement by $2,886,436 over the remaining life of the Series 2011 Bonds and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,671,119 as of the Series 2020A issuance date.

On June 24, 2021, the Florida Board of Governors, on behalf of the University issued $232,790,000 of University of Florida Housing Revenue Bonds, Series 2021A and 2021B. Proceeds from the Series 2021A Bonds, $215,550,000, are being used to finance the construction of New Undergraduate Residential Complex with Honors College on the main campus of the University of Florida. The remaining $17,240,000 from the Series 2021B Bonds were used to refund the outstanding portions of the University of Florida Housing Revenue Bonds, Series 2011A and 2012A. The refunding bonds were used to purchase securities, which were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's Statement of Net Position. As a result of the refunding, the University reduced its debt service requirement by $2,934,239 over the remaining life of the Series 2021B Bonds and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,609,195 as of the Series 2021B issuance date.

A summary of the University's capital improvement debt payable at June 30, 2021, is presented in Table 13.

Table 13. Capital Improvement Debt Payable

Type and Series	Amount of Original Issue	Amount Outstanding		Interest Rates	Maturity Date
		Principal	Interest		
Student Housing Auxiliary Debt:					
2013A Housing	$ 24,805,000	$ 15,375,000	$ 3,899,569	3.00 to 5.00%	2033
2016A Housing	19,390,000	13,735,000	2,784,100	3.00 to 5.00%	2030
2021A Housing	215,550,000	215,550,000	124,145,326	2.25 to 5.00%	2051
2021B Housing	17,240,000	17,240,000	4,758,511	5.00%	2031
Total Student Housing Debt	**276,985,000**	**261,900,000**	**135,587,506**		
Parking Garage Auxiliary Debt:					
2018A Parking	39,070,000	35,360,000	13,230,150	4.00 to 5.00%	2038
Total Parking Garage Debt	**39,070,000**	**35,360,000**	**13,230,150**		
Other University of Florida Revenue Bonds:					
2020A Clinical Translational Research Building	19,025,000	17,175,000	1,283,297	1.54%	2030
2013 Student Activity	41,540,000	29,565,000	9,227,113	4.00 to 5.00%	2033
Total Other University of Florida Revenue Bonds	**60,565,000**	**46,740,000**	**10,510,410**		
Plus: Unamortized Premiums	-	36,363,003	-		
Less: Unamortized Refunding Losses	-	(262,806)	-		
Total Capital Improvement Debt	**$ 376,620,000**	**$ 380,100,197**	**$ 159,328,066**		

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2021 are presented in Table 14.

Table 14. Capital Improvement Debt Payable - Principal & Interest

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 10,178,000	$ 12,529,327	$ 22,707,327
2023	10,655,000	11,924,032	22,579,032
2024	10,251,000	11,451,381	21,702,381
2025	15,309,000	11,020,450	26,329,450
2026	15,985,000	10,337,814	26,322,814
2027-2031	80,237,000	41,152,756	121,389,756
2032-2036	52,520,000	26,602,406	79,122,406
2037-2041	47,415,000	17,940,063	65,355,063
2042-2046	47,490,000	11,417,887	58,907,887
2047-2051	53,960,000	4,951,950	58,911,950
Total Principal & Interest	**344,000,000**	**159,328,066**	**503,328,066**
Plus: Unamortized Premiums	36,363,003	-	36,363,003
Less: Unamortized Refunding Losses	(262,806)	-	(262,806)
Total	**$ 380,100,197**	**$ 159,328,066**	**$ 539,428,263**

B. LOANS AND NOTES PAYABLE

On August 30, 2013, the University borrowed $6,472,538 at an interest rate of 2.33% to finance the cost of energy savings contracts and renovation of the J. Wayne Reitz Union. The principal and interest costs are expected to be met by cost savings of the newer system. The University's outstanding note is secured with collateral of the energy performance equipment used in the renovation. The note contains a provision that in an event of default, the contract can be terminated and equipment returned and/or declare all payments payable under the contract to the end of the then current budget year of the University, to be immediately due and payable. The note matures on August 31, 2029, and principal and interest payments are made annually. Annual requirements to amortize the note as of June 30, 2021, are presented in Table 15.

Table 15. Loans and Notes Payable – Principal & Interest

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 437,734	$ 85,938	$ 523,672
2023	448,034	75,638	523,672
2024	458,576	65,096	523,672
2025	469,366	54,305	523,671
2026	480,411	43,261	523,672
2027-2030	1,597,151	61,142	1,658,293
Total	**$ 3,891,272**	**$ 385,380**	**$ 4,276,652**

C. INSTALLMENT PURCHASE AGREEMENTS PAYABLE

The University has entered into several installment purchase agreements for the purchase of equipment with original cost bases totaling $2,729,249. There is no remaining stated interest on any of the outstanding agreements. Future minimum principal payments remaining under installment purchase agreements as of June 30, 2021, are presented in Table 16.

Table 16. Installment Purchase Agreements Payable – Principal

Fiscal Year Ending June 30	Principal
2022	$ 555,440
2023	522,800
2024	522,800
2025	478,428
2026	79,738
Total Minimum Payments	**$ 2,159,206**

D. CAPITAL LEASES PAYABLE

The University entered into a lease agreement with the University of Florida Foundation, Inc. (the Foundation), a direct-support organization (component unit) of the University. Under the terms of the agreement, the University agreed to lease from the Foundation a 607-space parking garage located near the Health Science Center Administrative Offices for a period of thirty years beginning July 1, 1994. Lease payments of $100,000 annually are due each July 1. Lease payments from the University to the Foundation were based on an original construction cost of $3,000,000 and no interest. For reporting purposes, the lease is considered a capital lease under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The initial obligation was discounted at an imputed interest rate of 6.45% and was recorded at $1,382,470. The asset, which is included in the

Property Under Capital Lease and Leasehold Improvements, was recorded at a cost of $3,000,000.

The University entered into a lease agreement with Shands. Under the terms of the agreement, the University agreed to lease from Shands an 800-space parking garage located near the Health Science Center Administrative Offices for a period of thirty years beginning March 1, 2000. Annual lease payments of $227,167 are due each May 1, which began on May 1, 2001. Lease payment amounts were based on an original construction cost of $6,815,002 and no interest. For reporting purposes, the lease is considered a capital lease under GASB Statement No. 62. The initial obligation was discounted at an imputed interest rate of 6.45% and was recorded at $2,981,939. The asset, which is included in the Property Under Capital Lease and Leasehold Improvements, was recorded at a cost of $6,815,002. A summary of pertinent information related to the two capital leases is presented in Table 17.

Table 17. Capital Leases Payable

Capital Leases	Interest Rate	Original Balance	Outstanding Balance
Garage No. 06 (607 spaces)	6.45%	$ 1,382,470	$ 265,091
Garage No. 10 (800 spaces)	6.45%	2,981,939	1,515,304
Total		**$ 4,364,409**	**$ 1,780,395**

Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2021, are presented in Table 18.

Table 18. Capital Leases Payable - Principal & Interest

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 212,331	$ 114,835	$ 327,166
2023	226,027	101,140	327,167
2024	240,605	86,561	327,166
2025	156,124	71,042	227,166
2026	166,194	60,972	227,166
2027-2030	779,114	129,556	908,670
Total	**$ 1,780,395**	**$ 564,106**	**$ 2,344,501**

E. 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 in accordance with its policy regarding leave payment upon separation from employment. 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, 2021, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $132,012,945. The current portion of the compensated absences liability, $11,293,926, is the amount expected to be paid in the coming fiscal year and is based on actual payouts over the last three years, calculated as a percentage of those years' total compensated absences liability.

F. 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 Florida Department of Management Services, Division of State Group Insurance.

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 health 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 OPEB Plan. 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 meets 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

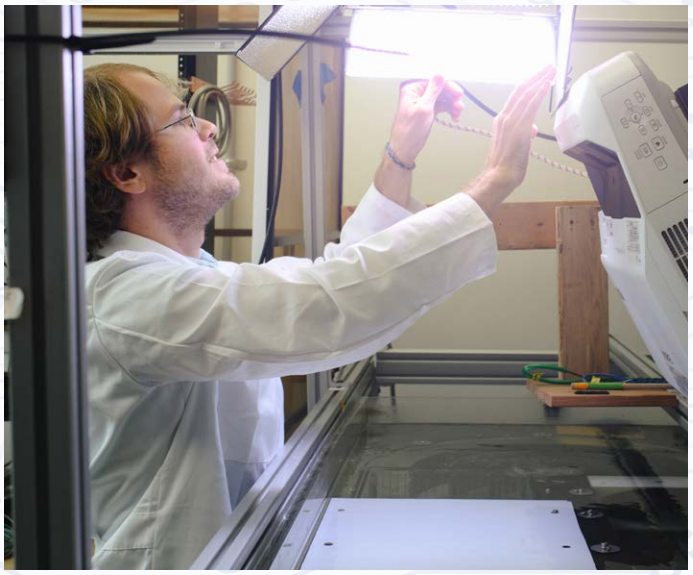
The University's proportionate share of the total OPEB liability of $1,069,008,199 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020. At June 30, 2020, the University's proportionate share, determined by its proportion of total benefit payments made, was 10.39%, which increased 0.60% from its proportionate share measured as of June 30, 2019.

■ **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, as presented in Table 19.

Table 19. Actuarial Assumptions - OPEB

Inflation	2.60%
Salary Increases	Varies by FRS Class
Discount Rate	2.66%

Healthcare cost trend rates for the Preferred Provider Organizations (PPO) and Health Maintenance Organizations (HMO), respectively, are 7.8% and 5.7% for the 2020-21 fiscal year, increasing to a maximum rate of 8.2% and 6.0% in the 2023-24 fiscal year, and decreasing to 4.0% and 4.0% for 2076 and later years.



The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2020.

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

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

The following changes have been made since the prior valuation:

- Census Data – The census data reflects changes in status for the 12-month period since July 1, 2020.
- Discount Rate – 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 75. The discount rate decreased from 2.79% to 2.66%.
- Mortality Rates – Mortality rates were updated to align with those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Rates were previously based on RP-2000 mortality tables with fully generational improvement using scale BB. Underlying tables were updated to use Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. This change decreased the Total OPEB Liability approximately 5%.
- Excise ("Cadillac") Tax – The previous valuation conducted as of July 1, 2019 reflected the full impact of the Excise Tax that was to go into effect in 2022. The impact of this change was an increase in liabilities of about 12%. Since the previous valuation, this tax was repealed. The current valuation reflects this. The impact of this change is a decrease in the Total OPEB Liability of about 13%.
- Claims Costs and Premium Rates – The assumed claims and premiums reflect the actual claims information provided as well as the premiums that are actually being charged to participants. The recent favorable claims experience resulted in lower liabilities as of June 30, 2020.
- Trend Rate – The medical trend assumption was updated based on the Getzen Model. Medical trend rates consistent with the August 2020 Report on the Financial Outlook of the Plan were used along with information from the Getzen Model and actuarial judgement. The impact of the trend rate is a small decrease in the liability, due primarily to lower trend rates in the first several years.
- Active Medical Plan Elections – Most actively employed participants in the Plan are health subscribers. Those participants are assumed to continue their current health coverage into retirement. For those who are not currently covered under the health plan, 72% are assumed to elect PPO coverage in retirement. The remaining 28% are assumed to elect HMO coverage. This assumption is based on guidance provided by the DSGI in an email on September 22, 2020. This change resulted in a small decrease in the Total OPEB Liability.

■ **Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate** – Table 20 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 (1.66%) or 1 percentage point higher (3.66%) than the current rate:

Table 20. Sensitivity to Changes in Discount Rate - OPEB

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
University's Proportionate Share of the Total OPEB Liability	**$ 1,327,382,735**	**$ 1,069,008,199**	**$ 871,907,581**

■ **Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** – Table 21 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:

Table 21. Sensitivity to Changes in Healthcare Cost Trend Rates - OPEB

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's Proportionate Share of the Total OPEB Liability	**$ 851,194,166**	**$ 1,069,008,199**	**$ 1,367,445,789**

■ **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – For the fiscal year ended June 30, 2021, the University recognized OPEB expense of $47,513,469. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB as presented in Table 22.

Of the total amount reported as deferred outflows of resources related to OPEB, $16,022,540 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as presented in Table 23.

Table 23. Recognition of Deferred Inflows Related to OPEB

Fiscal Year Ending June 30	
2022	$ (56,121,629)
2023	(56,121,629)
2024	(56,121,629)
2025	(56,121,629)
2026	(33,840,154)
Thereafter	(12,721,939)
Total	**$ (271,048,609)**

G. ASSET RETIREMENT OBLIGATION PAYABLE

The University follows GASB Statement No. 83, *Certain Asset Retirement Obligations,* to account for significant asset retirement obligations (AROs). These AROs are included as part of Other Noncurrent Liabilities in Table 12, and the total amount of the AROs for the University was $9,449,000 as of June 30, 2021. The University's AROs consist of radioactive and biohazardous tangible capital assets. The University utilizes governmental agency estimates and current remediation costs to estimate the AROs. The source of the obligations are Federal and State regulations, and there are no legally required funding or assurance provisions associated with the AROs. There are no assets restricted for payments of the AROs. The remaining useful lives of the tangible capital assets range from 25 to 50 years. The University amortizes the associated deferred outflows of resources associated with the AROs by applying the straight-line method over the estimated remaining useful lives of the assets.

Table 22. Deferred Outflows and Inflows of Resources Related to OPEB

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	$ 133,155,026	$ 397,293,073
Differences Between Expected and Actual Experience	-	60,781,276
Changes in Proportion and Differences Between University Benefit Payments and Proportionate Share of Benefit Payments	65,669,888	11,799,174
Transactions Subsequent to the Measurement Date	16,022,540	-
Total	**$ 214,847,454**	**$ 469,873,523**

13. RETIREMENT PLANS

A. DEFINED BENEFIT PENSION PLANS

The University follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for reporting the employer's proportionate share of the net pension liabilities for the FRS and HIS defined benefit plans.

General information about the Florida Retirement System and Health Insurance Subsidy Program

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

Essentially all regular employees of the University are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System 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 website (www.dms.myflorida.com).

The University's pension expense totaled $167,998,901 for the 2020-21 fiscal year for both the FRS Pension Plan and HIS Program.

1. Florida Retirement System Defined Benefit Pension Plan

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service, and employees enrolled in the Plan on or after July 1, 2011, vest at eight 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 vested members enrolled in the Plan on or after July 1, 2011, 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 four years of 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 service credit. 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011,

the average final compensation is the average of the eight 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. Table 24 shows the percentage value for each year of service credit earned.

Table 24. Percentage Value of Service Credit Earned per Year

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	
Service on and after October 1, 1974	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 3.00% 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 3.00%, determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement, multiplied by 3.00%. 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 2020-21 fiscal year are shown in Table 25. The University's contributions to the Plan totaled $62,313,177 for the fiscal year ended June 30, 2021.

Table 25. Florida Retirement System Contribution Rates

	Percent of Gross Salary	
Class	**Employee**	**Employer (A)**
Florida Retirement System, Regular	3.00%	10.00%
Florida Retirement System, Senior Management Service	3.00%	27.29%
Florida Retirement System, Special Risk	3.00%	24.45%
Deferred Retirement Option Program-Applicable to Members from all of the Above Classes	0.00%	16.98%
Florida Retirement System, Reemployed Retiree	(B)	(B)

(A) Employer rates for each membership class include 1.66% for Health Insurance Subsidy. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.

(B) Contribution Rates are dependent upon retirement class in which reemployed.

■ **Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2021, the University reported a liability of $697,662,069 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The University's proportionate share of the net pension liability was based on the University's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the University's proportionate share was 1.61%, which was a decrease of .01% compared to the proportionate share measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of $151,255,236. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions as presented in Table 26.

Table 26. Deferred Outflows and Inflows Related to Pensions - FRS

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 26,700,947	$ -
Change of Assumptions	126,299,032	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	41,539,470	-
Changes in Proportion and Difference Between University Contributions and Proportionate Share of Contributions	8,964,712	4,890,669
University FRS Contributions Subsequent to the Measurement Date	62,313,177	-
Total	**$ 265,817,338**	**$ 4,890,669**

The deferred outflows of resources related to pensions totaling $62,313,177 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown in Table 27.

Table 27. Recognition of Deferred Outflows and Inflows Related to Pensions - FRS

Fiscal Year Ending June 30	
2022	$ 41,314,160
2023	63,521,237
2024	54,752,486
2025	32,245,076
2026	6,780,533
Total	**$ 198,613,492**

■ **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, as presented in Table 28.

Table 28. Actuarial Assumptions - FRS

Inflation	2.40%	
Salary Increases	3.25%	average, including inflation
Investment Rate of Return	6.80%	net of pension Plan investment expense, including inflation

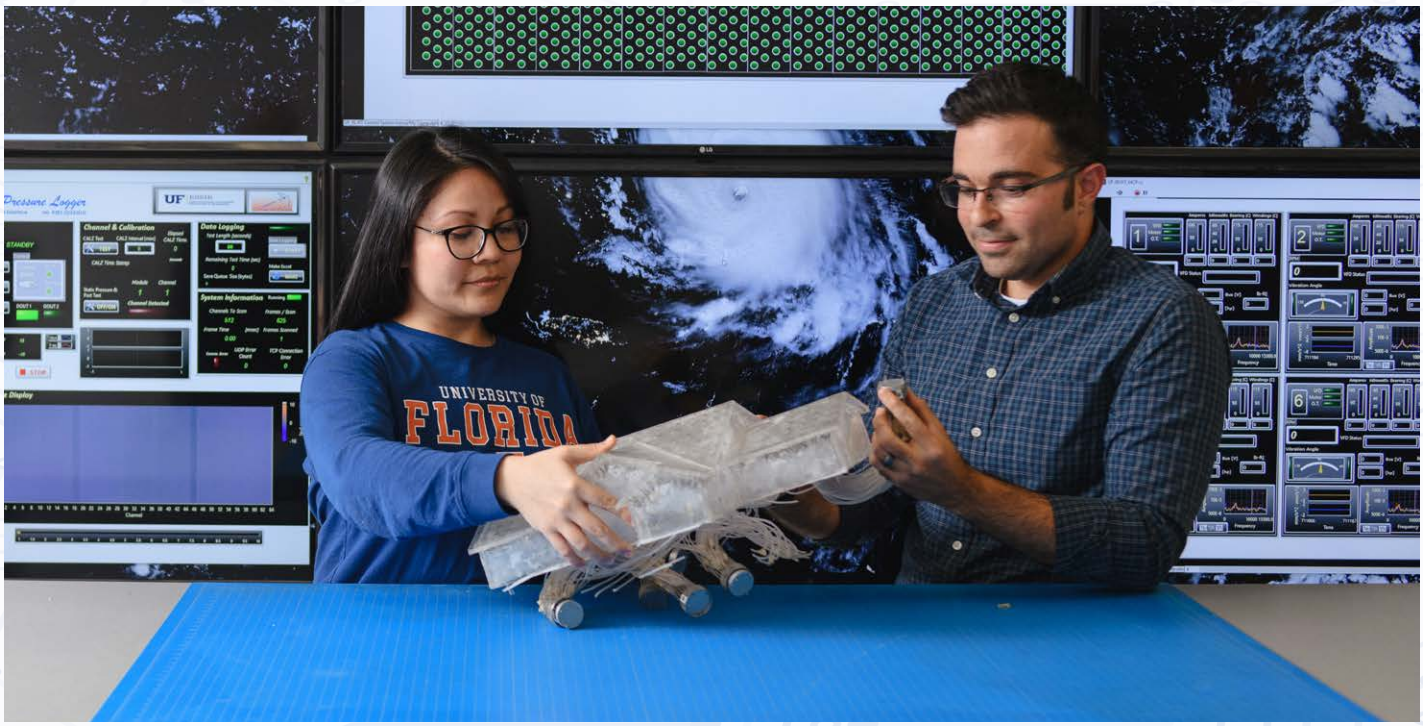
Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on Plan investments was not based on historical returns, but instead was 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 was based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of long-term expected rates of arithmetic return for each major asset class are summarized in Table 29.

Table 29. Target Allocation and Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	1.00%	2.20%
Fixed Income	19.00%	3.00%
Global Equity	54.20%	8.00%
Real Estate (Property)	10.30%	6.40%
Private Equity	11.10%	10.80%
Strategic Investments	4.40%	5.50%
Total	**100.00%**	

■ **Discount Rate** – The discount rate used to measure the total pension liability was 6.80%, which was a decrease of 0.10% from the prior measurement date. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount



rate for calculating the total pension liability is equal to the long-term expected rate of return.

■ **Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – Table 30 presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.80%, 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%) or 1 percentage point higher (7.80%) than the current rate.

Table 30. Sensitivity to Changes in Discount Rate - FRS

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
University's Proportionate Share of the Net Pension Liability	**$ 1,114,049,078**	**$ 697,662,069**	**$ 349,893,828**

■ **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.*

2. Health Insurance Subsidy Defined Benefit Pension Plan

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

■ **Benefits Provided** – For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement, multiplied by $5. The payments are at least $30, but not more than $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, 2021, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statues. The University contributed 100% of its statutorily required contributions for the current and preceding three 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 $8,910,481 for the fiscal year ended June 30, 2021.

■ **Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2021, the University reported a liability of $183,669,737 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The University's proportionate share of the net pension liability was based on the University's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the University's proportionate share was 1.50%, which was an increase of 0.01% from its proportionate share of 1.49% measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the University recognized pension expense of 16,743,665. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions as presented in Table 31.

Table 31. Deferred Outflows and Inflows Related to Pensions - HIS

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 7,513,206	$ 141,690
Change of Assumptions	19,749,727	10,679,679
Net Difference Between Projected and Actual Earnings on Plan Investments	146,643	-
Changes in Proportion and Difference Between University Contributions and Proportionate Share of Contributions	3,797,547	-
University Contributions Subsequent to the Measurement Date	8,910,481	-
Total	**$ 40,117,604**	**$ 10,821,369**

The deferred outflows of resources related to pensions totaling $8,910,481 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown in Table 32.

Table 32. Recognition of Deferred Outflows and Inflows Related to Pensions - HIS

Fiscal Year Ending June 30		
2022	$	5,905,660
2023		4,162,231
2024		1,448,431
2025		2,648,489
2026		3,319,806
Thereafter		2,901,137
Total	**$**	**20,385,754**

■ **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, as presented in Table 33.

Table 33. Actuarial Assumptions - HIS

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Municipal Bond Rate	2.21%

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

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 2.21%, which was a decrease of 1.29% from the prior measurement date. 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.

■ **Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – Table 34 presents the University's proportionate share of the net pension liability calculated using the discount rate of 2.21%, 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 (1.21%) or 1 percentage point higher (3.21%) than the current rate.

Table 34. Sensitivity to Changes in Discount Rate - HIS

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
University's Proportionate Share of the Net Pension Liability	**$ 212,314,020**	**$ 183,669,737**	**$ 160,224,476**

■ **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 Systems Annual Comprehensive Financial Report.*

B. DEFINED CONTRIBUTION PENSION PLANS

1. FRS Investment Plan

The State Board of Administration (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 this program. 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 as the FRS defined benefit plan; these contributions are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). 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% of payroll and by forfeited benefits of plan members. Allocations to the Investment Plan member investment accounts during the 2020-21 fiscal year are presented in Table 35.

Table 35. Florida Retirement System - Investment Plan Rates

Class	Percent of Gross Compensation
Florida Retirement System, Regular	6.30%
Florida Retirement System, Senior Management Service	7.67%
Florida Retirement System, Special Risk	14.00%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings.

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. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over his or her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes 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 select 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.

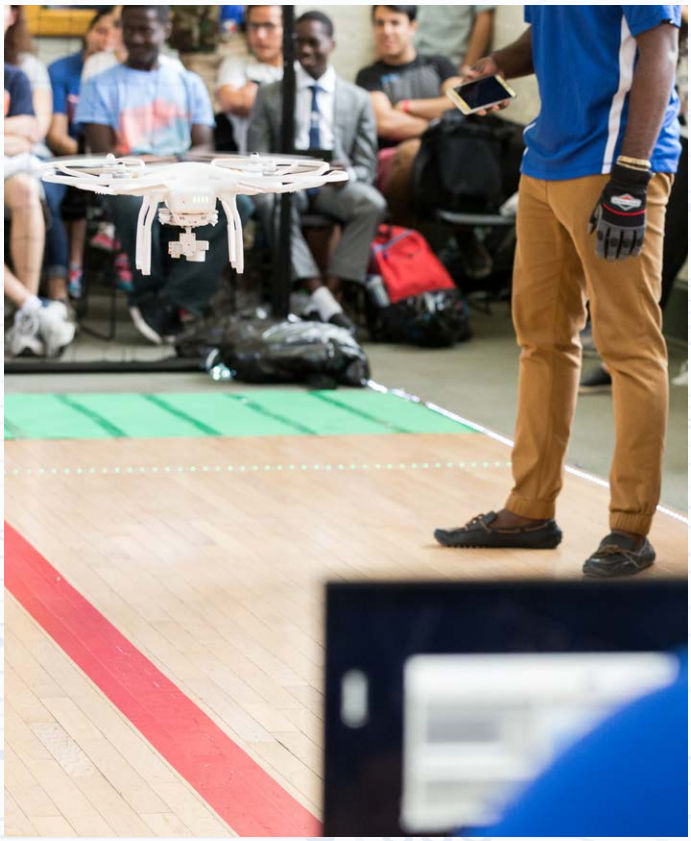
There were 3,251 University participants during the 2020-21 fiscal year. The University's Investment Plan pension expense totaled $15,495,880 for the fiscal year ended June 30, 2021.

2. 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 eight or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating investment 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% of the participant's salary to the participant's account, 3.44% to cover the unfunded actuarial liability of the FRS pension plan, and 0.01% to cover administrative costs. Employees contribute 3.00% of their 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.

There were 7,658 University participants during the 2020-21 fiscal year. The University's contributions to the Program totaled $51,737,583 and employee contributions totaled $31,424,330 for the 2020-21 fiscal year.



14. CONSTRUCTION COMMITMENTS

The University's construction commitments at June 30, 2021, are presented in Table 36.

Table 36. Construction Commitments

Project Title	Total Commitment	Completed to Date	Balance Committed
Honors Residential College	$ 187,300,000	$ 1,679,193	$ 185,620,807
Data Science and Information Technology Building	150,000,000	19,816,758	130,183,242
PK Yonge Middle and High School Expansion	28,999,300	25,283,791	3,715,509
Whitney Laboratory for Marine Bioscience	28,500,000	-	28,500,000
Student Health Care Center	26,000,000	1,442,137	24,557,863
University Public Safety Building	23,500,000	2,033,998	21,466,002
Reitz Union Lawn Underground Utilities Improvements	15,000,000	2,797,088	12,202,912
East Campus Data Center Utility Upgrades	14,816,600	12,336,082	2,480,518
Florida Museum of Natural History Special Collections Building	11,100,000	931,454	10,168,546
Inner Road Underground Utilities Improvement	10,000,000	523,129	9,476,871
SW Campus Transportation Improvements	9,400,000	5,386,749	4,013,251
Utility Infrastructure Improvements – Stadium Road and O'Connell Center	8,791,100	6,320,839	2,470,261
IFAS Blueberry Research Facility	5,092,000	585,195	4,506,805
Inner Road Surface Treatments Improvement	5,000,000	199,053	4,800,947
Campus Landscape Master Plan Implementation	5,000,000	238,419	4,761,581
UF Architecture Exterior Envelope Repair	5,000,000	4,227,838	772,162
Subtotal	533,499,000	83,801,723	449,697,277
Projects Under $5,000,000	88,239,692	45,889,658	42,350,034
Total	**$ 621,738,692**	**$ 129,691,381**	**$ 492,047,311**

15. STATE SELF-INSURANCE PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2020-21 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 $62.75 million for named windstorm and flood through February 14, 2021, and decreased to $57.5 million starting February 15, 2021. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence and were commercially insured up to $162.25 million through February 14, 2021, and increased to $167.5 million starting February 15, 2021; 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-INSURANCE PROGRAMS

The University of Florida Self-Insurance Program (the Program) and the University of Florida Healthcare

Education Insurance Company (HEIC), which are included in the University's reporting entity as discretely presented component units (see Note 1), provide general and professional liability protection for the University of Florida Board of Trustees (UFBOT) on behalf of the six health colleges of the JHMHC, the College of Veterinary Medicine teaching hospitals, the Student Health Care Center, direct-support organizations, and their employees and agents. Hospital professional liability protection, including general liability, is provided to Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville Medical Center, Inc. (a subsidiary of Shands Jacksonville HealthCare, Inc.-Shands Jacksonville), other entities statutorily authorized to participate in the Program, and their employees and agents. The Program and HEIC are distinct from and entirely independent of the self-insurance programs administered by the State described in Note 15.

The UFBOT and other immune entities are protected for losses which are subject to Section 768.28, Florida Statutes, including legislative claims bills, that in combination with the waiver of immunity limits described in Section 768.28, Florida Statutes, do not exceed $1 million per claim and, for voluntary settlements, $2 million per claim. For those protected entities not subject to Section 768.28, Florida Statutes, the Program provides $2 million per claim. The per claim limit of liability protection for the participants does not exceed $2 million per claim in the event more than one protected entity is involved in the same claim or action.

HEIC provides coverage for claims that are in excess of the protections provided by the Program, at limits of $4 million per legislative claims bill coverage for participants subject to Section 768.28, Florida Statutes.

17. LITIGATION AND CONTINGENCIES

The University is involved in certain 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 operating expenses (instruction, research, etc.) is assigned to each individual transaction based on the nature of the activity. The operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position are presented by natural classification. Table 37 presents those same expenses in functional classification as recommended by NACUBO.

Table 37. Functional Expenses

Functional Classification		
Public Service	$	821,107,333
Instruction		778,199,351
Research		730,291,826
Academic Support		237,428,153
Scholarships, Fellowships, and Waivers, Net		204,339,394
Institutional Support		169,998,709
Depreciation		159,379,247
Operation and Maintenance of Plant		137,137,515
Auxiliaries		108,449,467
Student Services		50,733,681
Total Operating Expenses	**$**	**3,397,064,676**

19. COMPONENT UNITS

The University's financial statements include 17 discretely presented component units as discussed in Note 1. These component units comprise 100% of the transactions and account balances of the aggregate discretely presented component units columns of the financial statements. Summary financial information from the most recently available audited financial statements for these component units is presented on the following pages in Tables 38, 39, and 40.

20. 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, and liabilities are required to be accounted for separately. Transportation and Parking Services provides the University with safe and adequate parking facilities. Several parking garages have been constructed from the proceeds of revenue-backed debt instruments. The Department of Housing and Residence Education provides safe and affordable living space for students of the University of Florida. Capital improvement debt has been issued over the years to provide funding for the construction of facilities to house students of the University. A summary of the financial activity for these segments is presented in Table 41.

21. SUBSEQUENT EVENTS

In November 2021, the University and Scripps Research (Scripps), based in La Jolla, California, signed an agreement to integrate Scripps Florida. As part of the agreement, Scripps will transfer all assets and liabilities associated with the 30-acre Scripps Florida campus, including all property, buildings and equipment and an adjacent 70-acre tract, to the University.

Table 38. Direct-Support Organizations *(amounts expressed in thousands)*

	University of Florida Foundation, Inc.	The University Athletic Association, Inc.	University of Florida Research Foundation, Inc.	GatorCare Health Management Corporation
CONDENSED STATEMENT OF NET POSITION				
Assets				
Due from Component Units/University	$ 46,919	$ 4,775	$ 170,910	$ -
Other Current Assets	116,585	102,023	11,778	65,403
Capital Assets, Net	105,690	251,844	-	2
Other Noncurrent Assets	2,487,275	99,386	-	-
Total Assets	2,756,469	458,028	182,688	65,405
Liabilities				
Due to Component Units/University	37,370	29,581	70,076	28,968
Other Current Liabilities	6,220	66,456	4,201	33,804
Noncurrent Liabilities	45,345	159,129	-	-
Total Liabilities	88,935	255,166	74,277	62,772
Deferred Inflows of Resources				
Deferred Amounts Related to Pensions	4,835	-	-	-
Other Deferred Outflows	23,717	-	-	-
Total Liabilities and Deferred Inflows of Resources	117,487	255,166	74,277	62,772
Net Position				
Net Investment in Capital Assets	103,748	121,591	-	2
Restricted-Nonexpendable Endowment	1,478,236	-	-	-
Restricted-Expendable Endowment	1,015,441	-	-	-
Restricted-Expendable Other	-	18,061	-	-
Unrestricted	41,557	63,210	108,411	2,631
Total Net Position	**$ 2,638,982**	**$ 202,862**	**$ 108,411**	**$ 2,633**
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION				
Operating Revenues	$ 235,865	$ 118,954	$ 44,474	$ 3
Operating Expenses	(266,937)	(123,713)	(44,981)	(1,250)
Operating Income (Loss)	(31,072)	(4,759)	(507)	(1,247)
Nonoperating Revenues (Expenses) and Other Revenues, Expenses, Gains, or Losses				
Investment Income, Net of Expenses	570,921	12,117	1	613
Net Increase (Decrease) in the Fair Value of Investments	814	-	(798)	-
Other Nonoperating Revenues	-	8,096	2,300	-
Other Nonoperating Expenses	-	(13,849)	-	(4)
Addition to Permanent Endowments	51,889	-	-	-
Change in Net Position	592,552	1,605	996	(638)
Net Position, Beginning of Year	2,046,430	201,257	107,415	4,367
Adjustments to Beginning Net Position (Note 2)	-	-	-	(1,096)
Net Position, Beginning of Year, as Restated	2,046,430	201,257	107,415	3,271
Net Position, End of Year	**$ 2,638,982**	**$ 202,862**	**$ 108,411**	**$ 2,633**

Table 38. Direct-Support Organizations *(amounts expressed in thousands)*

Florida Foundation Seed Producers, Inc.	University of Florida Development Corporation	Gator Boosters, Inc.	Citrus Research and Development Foundation, Inc.	Total Direct-Support Organizations
$ -	$ -	$ 32,005	$ -	$ 254,609
17,718	2,963	2,919	4,063	323,452
5,370	8,980	-	-	371,886
-	-	521	-	2,587,182
23,088	11,943	35,445	4,063	3,537,129
-	4,865	2,037	-	172,897
9,737	498	33,748	309	154,973
-	-	109	-	204,583
9,737	5,363	35,894	309	532,453
-	-	-	-	4,835
-	-	-	-	23,717
9,737	5,363	35,894	309	561,005
5,370	4,115	-	-	234,826
-	-	521	-	1,478,757
-	-	-	-	1,015,441
-	-	-	3,754	21,815
7,981	2,465	(970)	-	225,285
$ 13,351	**$ 6,580**	**$ (449)**	**$ 3,754**	**$ 2,976,124**
$ 1,948	$ 1,922	$ 13,422	$ 5,901	$ 422,489
(539)	(2,217)	(2,581)	(14,723)	(456,941)
1,409	(295)	10,841	(8,822)	(34,452)
31	-	1,893	60	585,636
-	-	-	-	16
-	-	-	8,337	18,733
(375)	-	(14,252)	-	(28,480)
-	-	6	-	51,895
1,065	(295)	(1,512)	(425)	593,348
12,286	6,875	1,063	4,179	2,383,872
-	-	-	-	(1,096)
12,286	6,875	1,063	4,179	2,382,776
$ 13,351	**$ 6,580**	**$ (449)**	**$ 3,754**	**$ 2,976,124**

Table 39. Health Science Center Affiliates *(amounts expressed in thousands)*

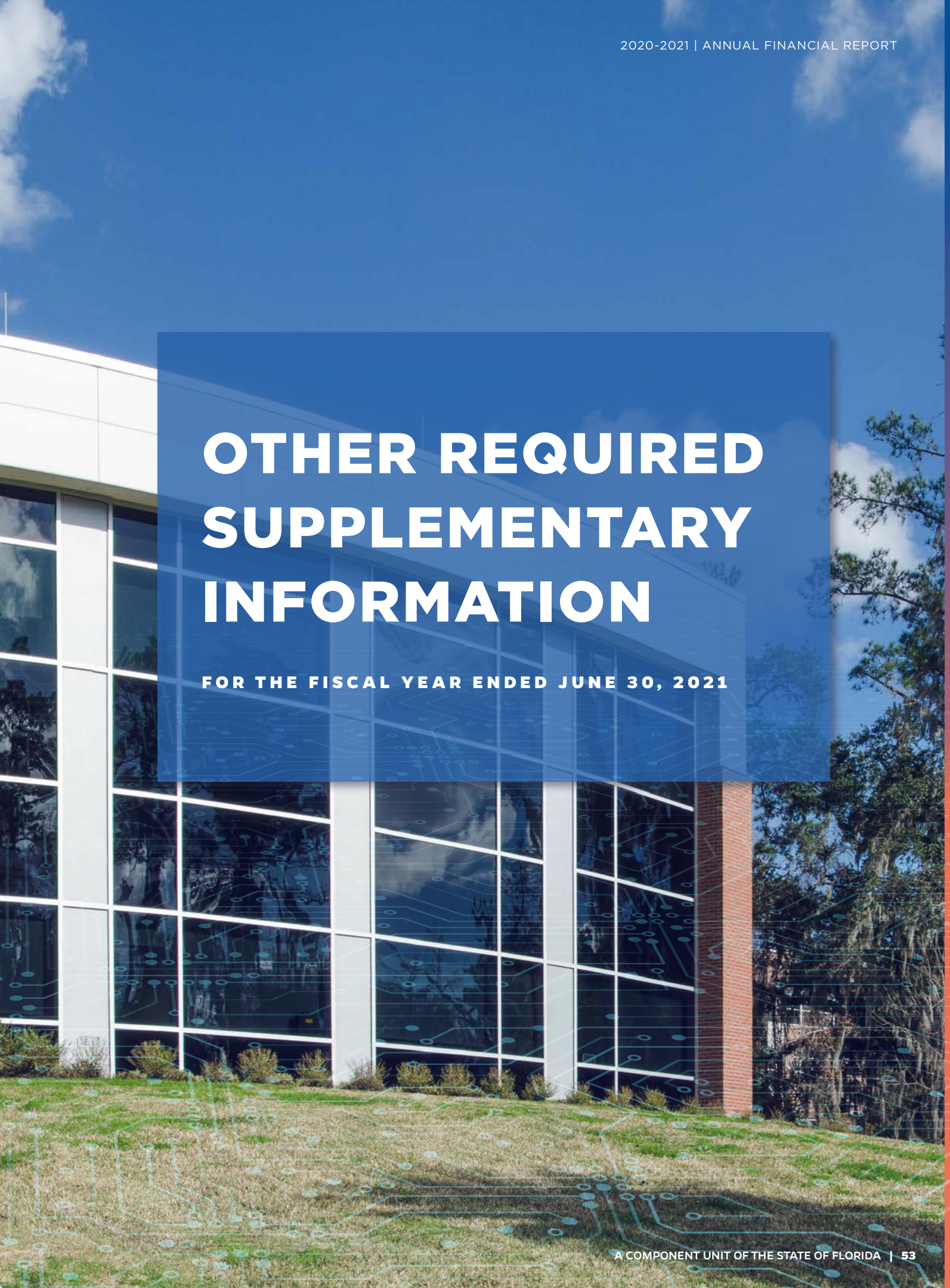
	Florida Clinical Practice Association, Inc.	University of Florida Jacksonville Physicians, Inc.	Faculty Associates, Inc.	Florida Veterinary Medicine Faculty Association, Inc.	University of Florida College of Pharmacy Faculty Practice Association, Inc.	Total Health Science Center Affiliates
CONDENSED STATEMENT OF NET POSITION						
Assets						
Due from Component Units/University	$ 16,499	$ 511	$ -	$ 6,500	$ -	$ 23,510
Other Current Assets	206,230	116,589	18,355	6,936	7,026	355,136
Capital Assets, Net	87,431	40,651	-	-	-	128,082
Other Noncurrent Assets	8,344	-	-	-	-	8,344
Total Assets	318,504	157,751	18,355	13,436	7,026	515,072
Liabilities						
Due to Component Units/University	-	-	-	1,840	-	1,840
Other Current Liabilities	60,483	46,360	351	766	3	107,963
Noncurrent Liabilities	83,474	29,524	-	-	-	112,998
Total Liabilities	143,957	75,884	351	2,606	3	222,801
Net Position						
Net Investment in Capital Assets	3,693	13,326	-	-	-	17,019
Unrestricted	170,854	68,541	18,004	10,830	7,023	275,252
Total Net Position	**$ 174,547**	**$ 81,867**	**$ 18,004**	**$ 10,830**	**$ 7,023**	**$ 292,271**
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION						
Operating Revenues	$ 827,259	$ 333,539	$ 21,789	$ 20,504	$ 4,461	$ 1,207,552
Operating Expenses	(222,521)	(165,873)	(413)	(891)	-	(389,698)
Operating Income	604,738	167,666	21,376	19,613	4,461	817,854
Nonoperating Revenues (Expenses)						
Investment Income (Loss), Net of Expenses	865	(829)	21	-	-	57
Net Increase in the Fair Value of Investments	2,883	2,112	-	-	-	4,995
Other Nonoperating Revenues	-	-	-	-	-	-
Other Nonoperating Expenses	(578,428)	(160,400)	(20,720)	(12,246)	(345)	(772,139)
Change in Net Position	30,058	8,549	677	7,367	4,116	50,767
Net Position, Beginning of Year	144,489	73,318	17,327	3,463	2,907	241,504
Net Position, End of Year	**$ 174,547**	**$ 81,867**	**$ 18,004**	**$ 10,830**	**$ 7,023**	**$ 292,271**

Table 40. Shands Hospital and Others *(amounts expressed in thousands)*

	Shands Teaching Hospital & Clinics, Inc.	Shands Jacksonville HealthCare, Inc.	University of Florida Self-Insurance Program	University of Florida Healthcare Education Insurance Company	Total Shands Hospital and Others
CONDENSED STATEMENT OF NET POSITION					
Assets					
Due from Component Units/University	$ 48,750	$ 8,077	$ -	$ 64,826	$ 121,653
Other Current Assets	855,228	399,345	262,252	3,566	1,520,391
Capital Assets, Net	1,370,271	273,372	-	-	1,643,643
Other Noncurrent Assets	1,331,135	31,217	-	-	1,362,352
Total Assets	3,605,384	712,011	262,252	68,392	4,648,039
Deferred Outflows of Resources					
Deferred Amounts Related to Pensions	43,482	1,171	-	-	44,653
Deferred Amounts Related to OPEB	-	920	-	-	920
Other Deferred Outflows	61,657	1,204	-	-	62,861
Total Assets and Deferred Outflows of Resources	3,710,523	715,306	262,252	68,392	4,756,473
Liabilities					
Due to Component Units/University	16,481	13,458	64,826	-	94,765
Other Current Liabilities	596,946	165,553	8,873	67	771,439
Noncurrent Liabilities	1,161,880	254,451	24,610	7,476	1,448,417
Total Liabilities	1,775,307	433,462	98,309	7,543	2,314,621
Deferred Inflows of Resources					
Deferred Amounts Related to Pensions	47,780	4,484	-	-	52,264
Deferred Amounts Related to OPEB	-	2,073	-	-	2,073
Other Deferred Inflows	1,917	-	-	-	1,917
Total Liabilities and Deferred Inflows of Resources	1,825,004	440,019	98,309	7,543	2,370,875
Net Position					
Net Investment in Capital Assets	311,116	48,115	-	-	359,231
Restricted-Nonexpendable Endowment	986	-	-	-	986
Restricted-Expendable Endowment	4,248	5,031	-	-	9,279
Other Restricted Net Position	-	-	163,943	60,849	224,792
Unrestricted	1,569,169	222,141	-	-	1,791,310
Total Net Position	**$ 1,885,519**	**$ 275,287**	**$ 163,943**	**$ 60,849**	**$ 2,385,598**
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION					
Operating Revenues	$ 2,235,273	$ 823,392	$ 9,141	$ 2,236	$ 3,070,042
Operating Expenses	(2,150,515)	(821,082)	(12,047)	(175)	(2,983,819)
Operating Income (Loss)	84,758	2,310	(2,906)	2,061	86,223
Nonoperating Revenues (Expenses)					
Investment Income (Loss), Net of Expenses	160,087	(173)	23,144	5,789	188,847
Net Increase in the Fair Value of Investments	16,228	-	-	-	16,228
Other Nonoperating Revenues	12,442	70,481	-	-	82,923
Other Nonoperating Expenses	(42,514)	(7,652)	-	-	(50,166)
Change in Net Position	231,001	64,966	20,238	7,850	324,055
Net Position, Beginning of Year	1,654,518	210,321	143,705	52,999	2,061,543
Net Position, End of Year	**$ 1,885,519**	**$ 275,287**	**$ 163,943**	**$ 60,849**	**$ 2,385,598**

Table 41. Segment Information

	Transportation and Parking Services	Department of Housing and Residence Education
CONDENSED STATEMENT OF NET POSITION		
Assets		
Current Assets	$ 19,634,279	$ 12,170,590
Capital Assets, Net	57,413,613	110,644,360
Other Noncurrent Assets	154,370	239,850,506
Total Assets	77,202,262	362,665,456
Liabilities		
Current Liabilities	2,972,541	8,411,837
Noncurrent Liabilities	38,407,372	288,893,811
Total Liabilities	41,379,913	297,305,648
Net Position		
Net Investment in Capital Assets	17,110,412	56,800,198
Restricted	-	2,175,177
Unrestricted	18,711,937	6,384,433
Total Net Position	**$ 35,822,349**	**$ 65,359,808**
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating Revenues (Expenses)		
Operating Revenues	$ 12,060,273	$ 40,160,524
Depreciation Expense	(3,301,545)	(7,049,819)
Other Operating Expenses	(7,104,154)	(36,185,092)
Operating Income (Loss)	1,654,574	(3,074,387)
Nonoperating Revenues (Expenses)		
Investment Income	17,297	-
Interest on Capital Asset-Related Debt	(1,722,327)	(2,128,363)
Other Nonoperating Revenues (Expenses)	2,201,207	3,090,573
Net Nonoperating Revenues (Expenses)	496,177	962,210
Change in Net Position	2,150,751	(2,112,177)
Net Position, Beginning of Year	33,671,598	67,471,985
Net Position, End of Year	**$ 35,822,349**	**$ 65,359,808**
CONDENSED STATEMENT OF CASH FLOWS		
Net Cash Provided (Used) by		
Operating Activities	$ 5,323,953	$ 4,744,539
Noncapital Financing Activities	6,251,847	(7,547,896)
Capital and Related Financing Activities	(8,197,878)	-
Investing Activities	(3,377,922)	2,803,357
Net Increase (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, Beginning of Year	-	-
Cash and Cash Equivalents, End of Year	**$ -**	**$ -**



OTHER REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	2020 (1) (5)	2019 (1) (4)	2018 (1) (3)	2017 (1) (2)	2016 (1)
University's Proportion of the OPEB Liability	10.39%	9.79%	9.89%	9.89%	9.92%
University's Proportionate Share of the Total OPEB Liability	$ 1,069,008,199	$ 1,239,000,712	$ 1,043,548,000	$ 1,069,104,000	$1,171,492,000
University's Covered Payroll	$ 1,237,960,596	$ 1,188,019,133	$ 1,151,732,866	$ 1,103,905,001	$1,120,515,686
University's Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll	86.35%	104.29%	90.61%	96.85%	104.55%

Notes:

(1) The amounts presented for the fiscal year were determined as of June 30. No assets are accumulated in a trust that meets the criteria in paragraph 4, GASB Statement No. 75 to pay related benefits.

(2) The University's proportionate share of the total OPEB liability significantly decreased from the prior fiscal year due to changes to benefits and assumptions, resulting from adjustments to active mortality rates, updates to HMO and PPO healthcare claims costs, changes in retiree contributions, change in trend rates, and a change in the discount rate of return.

(3) The University's proportionate share of the total OPEB liability significantly decreased from the prior fiscal year due to changes in the discount rate of return.

(4) The University's proportionate share of the total OPEB liability significantly increased from the prior fiscal year due to changes in the discount rate of return and the full impact of the excise tax that was to go into effect in 2022 but later repealed.

(5) The University's proportionate share of the total OPEB liability significantly decreased from the prior fiscal year due to changes in the discount rate of return, an adjustment to active mortality rates, and the reversal of the impact of the excise tax that was to go into effect in 2022 but was repealed, and favorable actual claims experience.

Schedule of University's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Defined Benefit Pension Plan

	2020 (1) (8)	2019 (1) (7)	2018 (1) (6)	2017 (1) (5)	2016 (1) (4)	2015 (1) (2)	2014 (1) (3)	2013 (1)
University's Proportion of the FRS Net Pension Liability	1.61%	1.62%	1.62%	1.53%	1.56%	1.59%	1.52%	1.23%
University's Proportionate Share of the FRS Net Pension Liability	$ 697,662,069	$ 558,623,812	$ 487,417,535	$ 453,912,167	$ 393,639,963	$ 204,919,550	$ 92,657,576	$ 212,307,108
University's Covered Payroll (9)	$ 1,237,960,596	$ 1,188,019,133	$ 1,151,732,866	$ 1,103,905,001	$ 1,120,515,686	$ 1,066,940,109	$ 1,024,891,028	$ 1,053,555,913
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	56.36%	47.02%	42.32%	41.12%	35.13%	19.21%	9.04%	20.15%
FRS Plan Fiduciary Net Position as a Percentage of the FRS Total Pension Liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

Notes:

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

(2) There were no changes in assumptions from the prior fiscal year.

(3) Changes of assumptions - As of June 30, 2014, the inflation rate assumption was decreased from 3.00% to 2.60%, the real payroll growth assumption was decreased from 1.00% to 0.65%, and the overall payroll growth rate assumption was decreased from 4.00% to 3.25%. The long-term expected rate of return decreased from 7.75% to 7.65%

(4) Changes of assumptions - As of June 30, 2016, the long-term expected rate of return decreased from 7.65% to 7.60%.

(5) Change of assumptions - As of June 30, 2017, the long-term expected rate of return decreased from 7.60% to 7.10%.

(6) Change of assumptions - As of June 30, 2018, the long-term expected rate of return decreased from 7.10% to 7.00%.

(7) Change of assumptions - As of June 30, 2019, the long-term expected rate of return decreased from 7.00% to 6.90%.

(8) Change of assumptions - As of June 30, 2020, the long-term expected rate of return decreased from 6.90% to 6.80%.

(9) Covered payroll includes active employees who are members of the following plans: defined benefit, Investment Plan, State University Optional Retirement Program, and 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 (FRS) Defined Benefit Pension Plan

	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually Required FRS Contribution	$ 62,313,177	$ 53,482,766	$ 50,296,368	$ 46,118,091	$ 39,948,341	$ 38,017,855	$ 38,680,557	$ 33,264,015
FRS Contributions in Relation to the Contractually Required FRS Contribution	(62,313,177)	(53,482,766)	(50,296,368)	(46,118,091)	(39,948,341)	(38,017,855)	(38,680,557)	(33,264,015)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's Covered Payroll (2)	$ 1,302,871,821	$ 1,237,960,596	$ 1,188,019,133	$ 1,151,732,866	$ 1,103,905,001	$ 1,120,515,686	$ 1,066,940,109	$ 1,024,891,028
FRS Contributions as a Percentage of Covered Payroll	4.78%	4.32%	4.23%	4.00%	3.62%	3.39%	3.63%	3.25%

Notes:

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

(2) Covered payroll includes active employees who are members of the following plans: defined benefit, Investment Plan, State University Optional Retirement Program, and 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's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Defined Benefit Pension Plan

	2020 (1) (8)	2019 (1) (7)	2018 (1) (6)	2017 (1) (5)	2016 (1) (4)	2015 (1) (3)	2014 (1) (2)	2013 (1)
University's Proportion of the HIS Net Pension Liability	1.50%	1.49%	1.48%	1.47%	1.47%	1.46%	1.41%	1.38%
University's Proportionate Share of the HIS Net Pension Liability	$ 183,669,737	$ 166,254,699	$ 156,700,718	$ 157,259,112	$ 171,404,762	$ 148,825,945	$ 131,969,507	$ 120,063,826
University's Covered Payroll (9)	$ 471,174,042	$ 452,884,926	$ 442,718,057	$ 431,629,539	$ 435,952,174	$ 413,619,247	$ 396,471,815	$ 382,427,384
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll	38.98%	36.71%	35.40%	36.43%	39.32%	35.98%	33.29%	31.40%
HIS Plan Fiduciary Net Position as a Percentage of the HIS Total Pension Liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

Notes:

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

(2) Change of assumption - The municipal rate used to determine total pension liability decreased from 4.63% to 4.29%.

(3) Change of assumption - The municipal rate used to determine total pension liability decreased from 4.29% to 3.80%.

(4) Change of assumption - The municipal rate used to determine total pension liability decreased from 3.80% to 2.85%.

(5) Change of assumption - The municipal rate used to determine total pension liability increased from 2.85% to 3.58%.

(6) Change of assumption - The municipal rate used to determine total pension liability increased from 3.58% to 3.87%.

(7) Change of assumption - The municipal rate used to determine total pension liability decreased from 3.87% to 3.50%.

(8) Change of assumption - The municipal rate used to determine total pension liability decreased from 3.50% to 2.21%.

(9) Covered payroll includes active employees who are members of the following plans: defined benefit, Investment Plan, and DROP.

Schedule of University Contributions - Health Insurance Subsidy (HIS) Defined Benefit Pension Plan

	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually Required HIS Contribution	$ 8,910,481	$ 8,668,442	$ 8,250,927	$ 8,028,939	$ 7,783,620	$ 7,538,309	$ 5,578,364	$ 4,834,988
HIS Contributions in Relation to the Contractually Required HIS Contribution	(8,910,481)	(8,668,442)	(8,250,927)	(8,028,939)	(7,783,620)	(7,538,309)	(5,578,364)	(4,834,988)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's Covered Payroll (2)	$ 483,685,617	$ 471,174,042	$ 452,884,926	$ 442,718,057	$ 431,629,539	$ 435,952,174	$ 413,619,247	$ 396,471,815
HIS Contributions as a Percentage of Covered Payroll	1.84%	1.84%	1.82%	1.81%	1.80%	1.73%	1.35%	1.22%

Notes:

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

(2) Covered payroll includes active employees who are members of the following plans: defined benefit, Investment Plan, and DROP.

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Legislative Auditing Committee

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of 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, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 15, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the 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.

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 may exist that have not been identified.

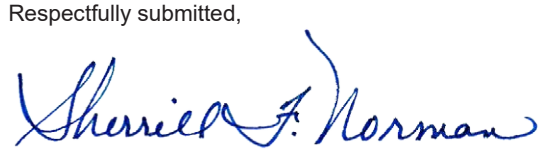
Compliance and Other Matters

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, CPA
Tallahassee, Florida
February 15, 2022
Audit Report No. 2022-124

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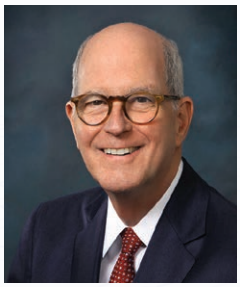
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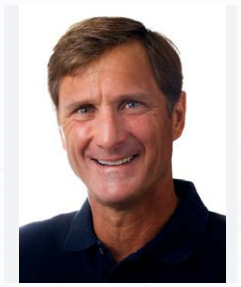
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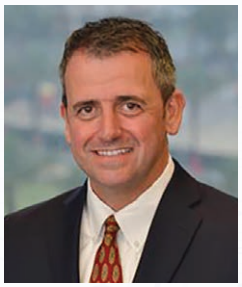
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Laura B. Ling
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