STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2022-126
February 2022

NEW COLLEGE OF FLORIDA

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2020-21 fiscal year, Dr. Donal O'Shea served as President of New College of Florida and the following individuals served as Members of the Board of Trustees:

[a] Trustee position vacant 8-30-20, through 1-6-21.
[b] Faculty Senate Chair.
[c] Student Body President.
[d] Trustee position vacant 1-7-21, through 1-26-21.
[e] Trustee position vacant 7-1-20, through 11-4-20.
[f] Trustee position vacant 1-7-21, through 6-30-21.

Note: One Trustee position vacant the entire period.

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

The team leader was Sehrish Ladhani, CPA, and the audit was supervised by Rachel P. Sellers, CPA.

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

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NEW COLLEGE OF FLORIDA

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SUMMARY

Summary of Report on Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

Our audit objectives were to determine whether New College of Florida and its officers with administrative and stewardship responsibilities for University operations had:

- Presented the University's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the University's basic financial statements as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the University's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

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

Audit Methodology

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

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of New College of Florida, a component unit of the State of Florida, and its discretely presented component unit 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 blended and discretely presented component units. The financial statements of New College of Florida Development Corporation, a blended component unit, represent 3.8 percent, 5.1 percent, 0.8 percent, 2.3 percent and 2.1 percent, respectively, of the liabilities, deferred outflows of resources, net position, revenues, and expenses reported for New College of Florida. The financial statements of the discretely presented component unit represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the blended and discretely presented component units are 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 New College of Florida and of its discretely presented component unit 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 Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of University Contributions – Florida Retirement System Pension Plan**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of University Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2022, on our consideration of the New College 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 New College of Florida's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
February 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

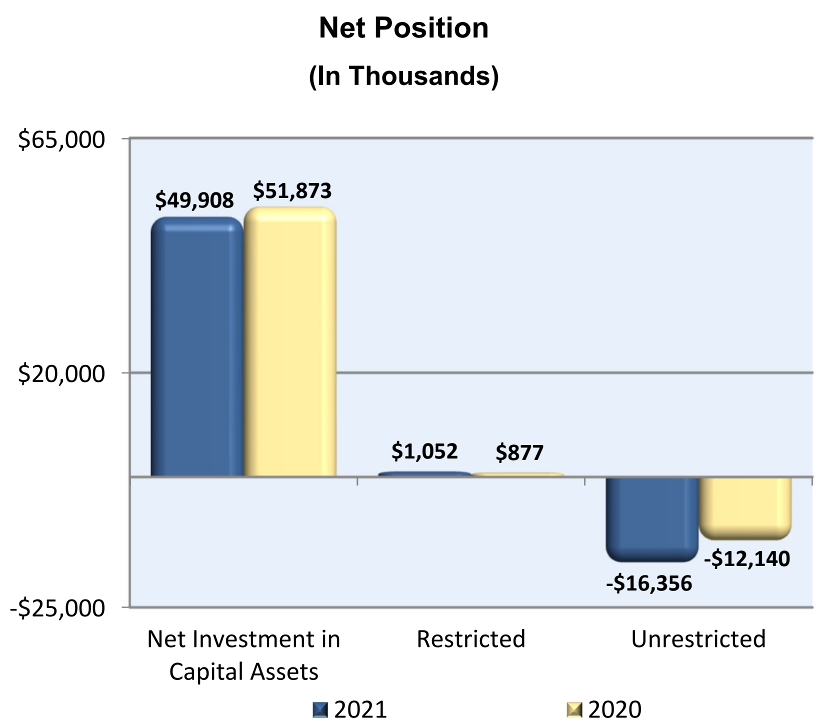
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2021, and June 30, 2020.

FINANCIAL HIGHLIGHTS

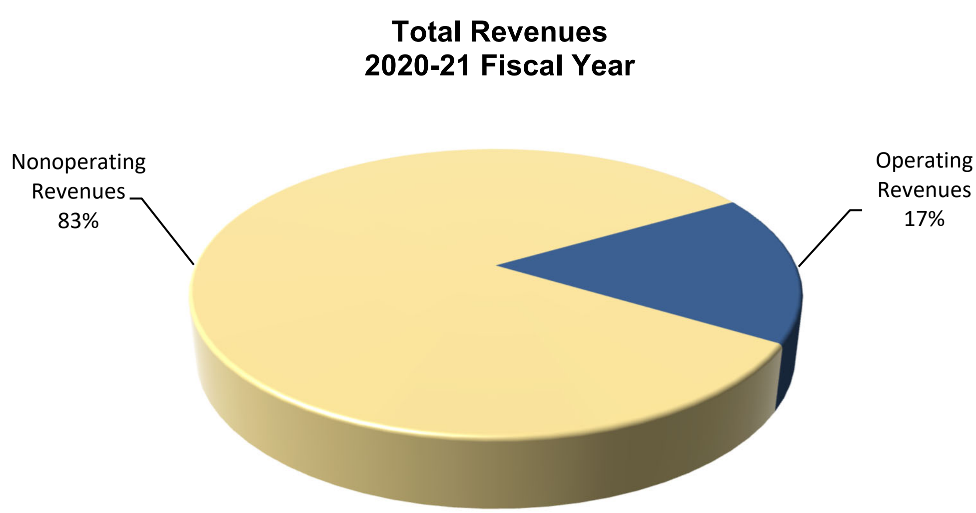
The University's assets and deferred outflows of resources totaled $109.9 million at June 30, 2021. This balance reflects a $2 million, or 1.8 percent, decrease as compared to the 2019-20 fiscal year, resulting from a decrease in depreciable capital assets, offset by an increase in deferred outflows of other postemployment benefits resources. While assets and deferred outflows of resources decreased, liabilities and deferred inflows of resources increased by $4 million, or 5.7 percent, totaling $75.3 million at June 30, 2021, resulting from decreases in certificates of participation payable, other postemployment benefits payable, and other noncurrent liabilities, offset by increases in net pension liability and deferred inflows of other postemployment benefits resources. As a result, the University's net position decreased by $6 million, resulting in a year-end balance of $34.6 million.

The University's operating revenues totaled $8.4 million for the 2020-21 fiscal year, representing a 5.2 percent decrease compared to the 2019-20 fiscal year due mainly to decreases in net student tuition and fees and sales and services of auxiliary enterprises, offset by an increase in Federal grants and contracts. Operating expenses totaled $53 million for the 2020-21 fiscal year, representing an increase of 3.2 percent as compared to the 2019-20 fiscal year due mainly to an increase in compensation and employee benefits.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2021, and June 30, 2020, is shown in the following graph:



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



Overview of Financial Statements

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 35, the University's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component units. These component units include: New College Foundation, Inc. (Foundation) and New College of Florida Development Corporation (Development Corporation). Based on the application of the criteria for determining component units, the Development Corporation is included within the University reporting entity as a blended component unit, and the Foundation is included within the University reporting entity as a discretely presented component unit

Information regarding these component units, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component unit.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2021	2020
Assets		
Current Assets	$ 23,728	$ 23,868
Capital Assets, Net	72,002	74,894
Other Noncurrent Assets	600	570
Total Assets	96,330	99,332
Deferred Outflows of Resources	13,532	12,491
Liabilities		
Current Liabilities	4,859	4,367
Noncurrent Liabilities	61,774	62,364
Total Liabilities	66,633	66,731
Deferred Inflows of Resources	8,625	4,482
Net Position		
Net Investment in Capital Assets	49,908	51,873
Restricted	1,052	877
Unrestricted	(16,356)	(12,140)
Total Net Position	$ 34,604	$ 40,610

Current assets at June 30, 2021, totaled $23.7 million, compared to $23.9 million at June 30, 2020, reflecting a decrease of $0.2 million. Although accounts receivable and contracts and grants receivable increased by $0.2 million, these increases were offset primarily by decreases in cash and cash equivalents and investments of $0.4 million.

Total capital assets of $72 million decreased by $2.9 million from the prior fiscal year. This decrease was due to the increases related to depreciable capital assets and construction in progress of $1.1 million, offset by an increase in accumulated depreciation of $4 million.

Other noncurrent assets remained relatively the same at $0.6 million, while deferred outflows of resources increased by $1 million due mainly to an increase in deferred outflows of other postemployment benefits resources.

Liabilities at June 30, 2021, totaled $66.6 million, compared to $66.7 million at June 30, 2020. This represents a $0.1 million decrease. This decrease is composed primarily of an increase in the noncurrent liabilities of $3.2 million in pension liability, offset by decreases in noncurrent liabilities of $2.3 million in other postemployment benefits liability and $1 million in certificates of participation payable.

Deferred inflows of resources at June 30, 2021, totaled $8.6 million, compared to $4.5 million at June 30, 2020. This increase is due to an increase in deferred inflows of other postemployment benefit resources of $4.7 million and a $0.6 million decrease in deferred inflows of pension resources.

In summary, New College of Florida's net position of $34.6 million at June 30, 2021, includes $49.9 million net investment in capital assets, $1.1 million in restricted expendable net position, and a deficit of $16.4 million in unrestricted net position, as disclosed in Note 2.

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

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

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

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

(In Thousands)

	2020-21	**2019-20**
Operating Revenues	$ 8,424	$ 8,885
Less, Operating Expenses	53,004	51,354
Operating Loss	(44,580)	(42,469)
Net Nonoperating Revenues	38,441	41,586
Loss Before Other Revenues	(6,139)	(883)
Other Revenues	133	163
Net Decrease In Net Position	(6,006)	(720)
Net Position, Beginning of Year	40,610	41,330
Net Position, End of Year	$ 34,604	$ 40,610

Operating Revenues

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

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

Operating Revenues
For the Fiscal Years

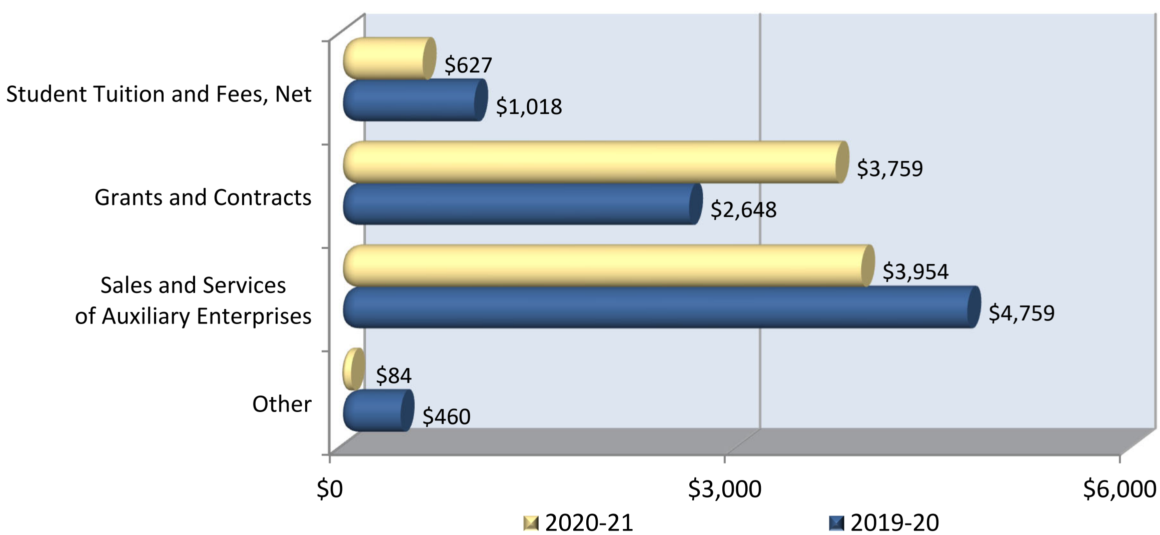
(In Thousands)

	2020-21	**2019-20**
Student Tuition and Fees, Net	$ 627	$ 1,018
Grants and Contracts	3,759	2,648
Sales and Services of Auxiliary Enterprises	3,954	4,759
Other	84	460
Total Operating Revenues	$ 8,424	$ 8,885

The following chart presents the University's operating revenues for the 2020-21 and 2019-20 fiscal years:

Operating Revenues

(In Thousands)



Total operating revenues decreased by $0.5 million in the 2020-21 fiscal year due primarily to decreases in net student tuition and fees, sales and services of auxiliary enterprises, and other operating revenue, offset by increases in Federal and nongovernmental grants and contracts.

Operating Expenses

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

The following summarizes operating expenses by natural classification for the 2020-21 and 2019-20 fiscal years:

Operating Expenses
For the Fiscal Years

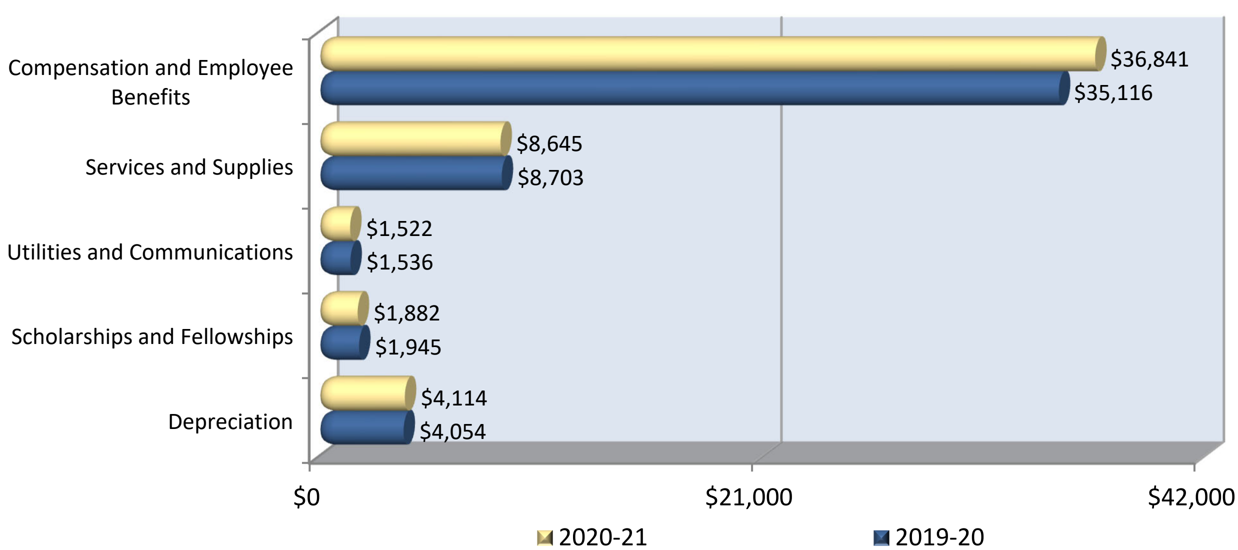
(In Thousands)

	2020-21	2019-20
Compensation and Employee Benefits	$ 36,841	$ 35,116
Services and Supplies	8,645	8,703
Utilities and Communications	1,522	1,536
Scholarships and Fellowships	1,882	1,945
Depreciation	4,114	4,054
Total Operating Expenses	$ 53,004	$ 51,354

The following chart presents the University's operating expenses for the 2020-21 and 2019-20 fiscal years:

Operating Expenses

(In Thousands)



Total operating expenses for the 2020-21 fiscal year were $53 million as compared to $51.4 million for the 2019-20 fiscal year, which is a $1.6 million, or 3.2 percent increase. The increase is primarily due to an increase in compensation and employee benefits of $1.7 million. Compensation and employee benefits accounted for 69.5 percent of total operating expenses and increased 4.9 percent over the 2019-20 fiscal year. The increase was primarily due to increases in the accrual for pension expenses and other postemployment benefits.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, noncapital grants, contracts, and donations, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2020-21 and 2019-20 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Noncapital Appropriations	$ 35,375	$ 36,789
Federal and State Student Financial Aid	3,396	3,746
Noncapital Grants, Contracts, and Donations	1,400	1,246
Investment Income (Loss)	(558)	1,077
Other Nonoperating Revenues	1,312	1,208
Interest on Capital Asset-Related Debt	(1,131)	(1,230)
Other Nonoperating Expenses	(1,353)	(1,250)
Net Nonoperating Revenues	$ 38,441	$ 41,586

The nonoperating revenue decreased $3.1 million during the 2020-21 fiscal year. The decrease was due to a $1.6 million decrease in net investment income, a $1.4 million decrease in non-recurring State noncapital appropriations, and a $0.3 million decrease in Federal and State student financial aid, offset by an increase of $0.2 million in noncapital grants, contracts, and donations.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, and donations. The following summarizes the University's other revenues for the 2020-21 and 2019-20 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2020-21	2019-20
State Capital Appropriations	$ 133	$ 130
Capital Grants, Contracts, and Donations	-	33
Total	$ 133	$ 163

Total other revenue for the 2020-21 fiscal year remained virtually unchanged compared to the prior fiscal year.

The Statement of Cash Flows

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

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

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2020-21	**2019-20**
Cash Provided (Used) by:		
Operating Activities	$(37,027)	$(33,768)
Noncapital Financing Activities	40,108	41,607
Capital and Related Financing Activities	(2,945)	(3,340)
Investing Activities	(294)	(3,097)
Net Increase (Decrease) in Cash and Cash Equivalents	(158)	1,402
Cash and Cash Equivalents, Beginning of Year	2,668	1,266
Cash and Cash Equivalents, End of Year	$ 2,510	$ 2,668

Major sources of funds came from State noncapital appropriations ($35.4 million), sales and services of auxiliary enterprises ($3.9 million), grants and contracts ($3.7 million), Federal and State student financial aid ($3.4 million), noncapital grants, contracts, and donations ($1.4 million), and net student tuition and fees ($0.6 million). Major uses of funds were for payments made to and on behalf of employees totaling $32.8 million; payments to suppliers totaling $10.4 million; payments to students for scholarships and fellowships totaling $1.9 million; and purchase or construction of capital assets totaling $1 million. Changes in cash and cash equivalents were the result of the following factors:

- The increase of $3.3 million in net cash used by operations was primarily due to increases in payments to employees by $1.8 million and payments to suppliers by $0.5 million, offset by decreases in sales and services of auxiliary enterprises by $0.8 million and net student tuition and fees by $0.4 million and an increase in grants and contracts by $0.9 million.
- The decrease of $1.5 million in net cash provided by noncapital financing activities was primarily due to decreases in nonrecurring State appropriations of $1.4 million and Federal and State student financial aid of $0.3 million, offset by an increase in noncapital grants, contracts, and donations of $0.2 million.
- The decrease of $0.4 million in net cash used by capital and related financing activities was primarily due to reductions of $0.6 million used for the purchase or construction of capital assets and $0.1 million in interest paid on capital debt and leases, offset by a reduction of $0.3 million in State capital appropriations.

- The decrease of $2.8 million in net cash used by investing activities was due to a $2.8 million decrease in purchase of investments, offset by an increase of $0.3 million in proceeds from sales and maturities of investments and a $0.3 million decrease in investment income.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the University had $138.7 million in capital assets, less accumulated depreciation of $66.7 million, for net capital assets of $72 million. Depreciation charges for the current fiscal year totaled $4.1 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2021	**2020**
Land	$ 4,562	$ 4,562
Works of Art and Historical Treasures	77	77
Construction in Progress	678	108
Buildings	61,964	64,921
Infrastructure and Other Improvements	3,819	4,178
Furniture and Equipment	895	1,035
Computer Software	7	13
Capital Assets, Net	$ 72,002	$ 74,894

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2021, were incurred for the Bay Front Dock and Caples HVAC and renovations.

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

	Amount (In Thousands)
Total Committed	$ 1,261
Completed to Date	678
Balance Committed	$ 583

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

Debt Administration

As of June 30, 2021, the University had $22.1 million in outstanding certificates of participation payable, representing a decrease of $0.9 million, or 4 percent, from the prior fiscal year.

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

Economic Factors That Will Affect the Future

The University's economic condition is closely tied to that of the State of Florida, as well as to student enrollment levels. Because of limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2021-22 fiscal year. State noncapital and capital appropriations for the 2020-21 fiscal year totaled $35.5 million and are the largest sources of funding. The level of recurring State noncapital support included in the budget the Florida Legislature adopted for the 2021-22 fiscal year is $35.6 million or $0.2 million (0.53 percent) more than the level that was funded in the 2020-21 fiscal year. This includes a slight base funding reduction of $0.2 million, offset by an increase of $0.3 million in lottery revenue distribution and $0.1 million in risk management insurance support. The University expects a decrease in revenue from student tuition and fees due to a decrease in enrollment and stagnant amounts that can be charged for student tuition and fees.

The University received a total of $2.8 million from the Foundation, during the 2020-21 fiscal year, including $0.9 million in scholarships and $1.9 million in other program support. Included in the $1.9 million of other program support is $0.5 million to subsidize faculty and other personnel costs. These funds are used to support the University's low student to faculty ratio, a feature that has been crucial to attracting students and increasing enrollment at the University. In the unlikely event the Foundation becomes unable to fund these contributions, losing this funding could adversely impact the University if not offset by additional funding appropriated by the Legislature or generated through increases in student tuition and fees.

Due to concerns relating to the COVID-19 pandemic, students were given the option to attend classes remotely during the 2020 Fall Semester and 2021 Spring Semester. During this period, the normal housing capacity was significantly reduced. The University is returning to full housing occupancy starting in the 2021 Fall Semester and is expecting an increase in housing revenue.

Requests for Information

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Controller's Office, New College of Florida, 5800 Bay Shore Road, Sarasota, Florida 34243-2109.

NEW COLLEGE OF FLORIDA
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2021

	University	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 2,509,954	$ 7,249,932
Investments	19,903,772	757,871
Accounts Receivable, Net	425,601	289,779
Due from State	78,095	-
Due from Component Unit	538,935	-
Other Current Assets	271,835	54,994
Total Current Assets	23,728,192	8,352,576
Noncurrent Assets:		
Investments	-	47,974,073
Restricted Investments	600,313	-
Accounts Receivable, Net	-	291,544
Depreciable Capital Assets, Net	66,684,756	776,178
Nondepreciable Capital Assets	5,316,826	421,832
Total Noncurrent Assets	72,601,895	49,463,627
Total Assets	96,330,087	57,816,203
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	5,525,459	-
Pensions	7,310,607	-
Accumulated Decrease in Fair Value of Hedging Derivatives	696,318	-
Total Deferred Outflows of Resources	13,532,384	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	377,561	385,339
Construction Contracts Payable	270,680	-
Salary and Wages Payable	2,218,649	-
Due to University	-	538,935
Unearned Revenue	86,158	350,000
Other Current Liabilities	281,358	-
Long-Term Liabilities - Current Portion:		
Certificates of Participation Payable	980,000	-
Note Payable	-	7,585
Compensated Absences Payable	300,515	-
Other Postemployment Benefits Payable	306,384	-
Net Pension Liability	38,201	-
Total Current Liabilities	4,859,506	1,281,859

	University	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Certificates of Participation Payable	21,113,206	-
Note Payable	-	329,891
Compensated Absences Payable	2,783,263	-
Other Postemployment Benefits Payable	18,576,788	-
Net Pension Liability	18,604,283	-
Other Noncurrent Liabilities	696,318	692,846
Total Noncurrent Liabilities	61,773,858	1,022,737
Total Liabilities	66,633,364	2,304,596
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	8,249,370	-
Pensions	375,459	-
Gift Annuities and Charitable Remainder Unitrust	-	227,300
Total Deferred Inflows of Resources	8,624,829	227,300
NET POSITION		
Net Investment in Capital Assets	49,908,375	860,534
Restricted for Nonexpendable:		
Endowment	-	35,358,043
Restricted for Expendable:		
Capital Projects	673,213	-
Other	378,602	15,961,611
Unrestricted	(16,355,912)	3,104,119
TOTAL NET POSITION	$ 34,604,278	$ 55,284,307

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

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

For the Fiscal Year Ended June 30, 2021

	University	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $5,347,163	$ 627,320	$ -
Federal Grants and Contracts	1,639,879	-
State and Local Grants and Contracts	18,594	-
Nongovernmental Grants and Contracts	2,100,649	-
Sales and Services of Auxiliary Enterprises ($2,900,637 Pledged for Housing Facility Revenue Certificates of Participation)	3,953,844	-
Gift and Donations	-	6,086,501
Other Operating Revenues	83,914	54,710
Total Operating Revenues	8,424,200	6,141,211
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	36,840,834	-
Services and Supplies	8,645,268	-
Utilities and Communications	1,521,450	-
Scholarships and Fellowships	1,882,110	-
Depreciation	4,114,187	-
Other Operating Expenses	-	4,420,041
Total Operating Expenses	53,003,849	4,420,041
Operating Income (Loss)	(44,579,649)	1,721,170
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	35,374,660	-
Federal and State Student Financial Aid	3,396,071	-
Noncapital Grants, Contracts, and Donations	1,399,633	-
Investment Income (Loss)	(557,983)	3,445,043
Other Nonoperating Revenues	1,312,529	-
Gain on Sale of Investments	-	6,170,922
Interest on Capital Asset-Related Debt	(1,130,802)	-
Other Nonoperating Expenses	(1,352,742)	(44,072)
Net Nonoperating Revenues	38,441,366	9,571,893
Income (Loss) Before Other Revenues	(6,138,283)	11,293,063
State Capital Appropriations	132,588	-
Contributions to Permanent Endowments	-	459,195
Increase (Decrease) in Net Position	(6,005,695)	11,752,258
Net Position, Beginning of Year	40,609,973	43,532,049
Net Position, End of Year	$ 34,604,278	$ 55,284,307

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

NEW COLLEGE OF FLORIDA
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2021

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 623,055
Grants and Contracts	3,655,014
Sales and Services of Auxiliary Enterprises	3,929,152
Payments to Employees	(32,835,277)
Payments to Suppliers for Goods and Services	(10,395,959)
Payments to Students for Scholarships and Fellowships	(1,882,110)
Other Operating Disbursements	(120,713)
Net Cash Used by Operating Activities	(37,026,838)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	35,394,992
Federal and State Student Financial Aid	3,396,071
Noncapital Grants, Contracts, and Donations	1,352,554
Federal Direct Loan Program Receipts	964,430
Federal Direct Loan Program Disbursements	(964,430)
Net Change in Funds Held for Others	2,345
Other Nonoperating Receipts	1,312,409
Other Nonoperating Disbursements	(1,350,697)
Net Cash Provided by Noncapital Financing Activities	40,107,674
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	141,269
Other Receipts for Capital Projects	120
Purchase or Construction of Capital Assets	(1,027,725)
Principal Paid on Capital Debt and Leases	(930,000)
Interest Paid on Capital Debt and Leases	(1,128,310)
Net Cash Used by Capital and Related Financing Activities	(2,944,646)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	37,775,367
Purchases of Investments	(38,432,241)
Investment Income	362,672
Net Cash Used by Investing Activities	(294,202)
Net Decrease in Cash and Cash Equivalents	(158,012)
Cash and Cash Equivalents, Beginning of Year	2,667,966
Cash and Cash Equivalents, End of Year	$ 2,509,954

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (44,579,649)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	4,114,187
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(229,644)
Other Assets	(66,296)
Accounts Payable	(163,448)
Salaries and Wages Payable	445,356
Compensated Absences Payable	221,497
Unearned Revenue	(107,545)
Other Postemployment Benefits Payable	(2,218,866)
Net Pension Liability	3,162,455
Deferred Outflows of Resources Related to Other Postemployment Benefits	(1,510,291)
Deferred Inflows of Resources Related to Other Postemployment Benefits	4,722,013
Deferred Outflows of Resources Related to Pensions	(237,629)
Deferred Inflows of Resources Related to Pensions	(578,978)
NET CASH USED BY OPERATING ACTIVITIES	$ (37,026,838)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES	
Unrealized losses on investments were recognized as a reduction to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (920,655)

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

Blended Component Unit. Although it is legally separate from the University, the New College of Florida Development Corporation (Development Corporation) is included within the University's reporting entity as a blended component unit, based on the application of the criteria for determining component units. The Development Corporation was created on November 4, 2005, as a not-for-profit Florida corporation under the provisions of Chapter 617, Florida Statutes and as a direct-support organization of the University. The Development Corporation was established to secure, hold, invest, and administer property and to make expenditures for the exclusive benefit of the University. Due to the substantial economic relationship between the Development Corporation and the University, the financial activities of the Development Corporation are included in the University's financial statements. An annual audit of the Development Corporation is conducted by independent certified public accountants and is submitted to the Auditor General and the University Board of Trustees. Additional information on the Development Corporation, including copies of audit reports, is available by contacting the University's Controller's Office. Condensed financial statements for the University's blended component unit are shown in a subsequent note. The condensed financial statements are reported net of eliminations.

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, the New College Foundation, Inc. (Foundation), (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) is included within the University's reporting entity as discretely presented component unit. This legally separate, not-for-profit, corporation is organized and operated exclusively to fund, in whole or in part, academic programs of the University by providing supplemental resources from private gifts and bequests, and grants that may be negotiated annually. The Foundation is governed by a separate board. Florida Statutes authorize the Foundation to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University.

An annual audit of the Foundation financial statements is conducted by independent certified public accountants. Additional information on the Foundation, including copies of audit reports, is available by contacting the University Controller. Audited financial statements can be obtained from the Controller's Office, New College of Florida, 5800 Bay Shore Rd., Sarasota, Florida 34243-2109.

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. GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity wide reporting including the following components:

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

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

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

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

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

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

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

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

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts. 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 or other restricted assets, are classified as restricted.

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

- Buildings – 9 to 50 years
- Infrastructure and Other Improvements – 20 years

- Furniture and Equipment – 3 to 15 years
- Library Resources – 5 to 10 years
- Computer Software – 7 years

Noncurrent Liabilities. Noncurrent liabilities include amounts of certificates of participation payable, compensated absences payable, other postemployment benefits payable (OPEB), net pension liabilities, and other noncurrent liabilities (an interest rate swap) that are not scheduled to be paid within the next fiscal year. Certificates of participation payable are reported net of unamortized discounts. The University amortizes debt discounts over the life of the debt using the straight-line method.

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

2. Deficit Net Position in Individual Funds

The University reported an unrestricted net position which included a deficit in the current funds – unrestricted as shown below. This deficit can be attributed to the full recognition of long-term liabilities (i.e., compensated absences payable, OPEB payable, and net pension liabilities) in the current unrestricted funds.

Fund	Net Position
Current Funds - Unrestricted	$ (20,605,659)
Auxiliary Funds	4,249,747
Total	$ (16,355,912)

3. Investments

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

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

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

All of the University's recurring fair value measurements as of June 30, 2021, are investments with the State Treasury which are valued based on the University's share of the pool (Level 3 inputs).

External Investment Pools.

The University reported investments at fair value totaling $20,504,085 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 (Level 3 inputs). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.6 years, and fair value factor of 0.984 at June 30, 2021. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Component Unit Investments. Investments held by the University's discretely presented component unit at June 30, 2021, are reported at fair value as follows:

		Fair Value Measurements Using		
Investments by fair value level	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Mutual Funds				
Equities	$ 39,762,182	$ 39,762,182	$ -	$ -
Bonds	4,360,267	4,360,267	-	-
Total investments by fair value level	$ 44,122,449	$ 44,122,449	$ -	$ -
Investments measured at the net asset value (NAV)				
Private Equity and Other Investments	4,609,495			
Total investments measured at NAV	4,609,495			
Total investments measured at fair value	$ 48,731,944			

4. Receivables

Accounts Receivable. Accounts receivable represent amounts for contract and grant reimbursements due from third parties, student tuition and fees, and various sales and services provided to students and third parties. As of June 30, 2021, the University reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	$ 50,342
Contracts and Grants	256,905
Auxiliary Services	124,822
Other	52,242
Total Accounts Receivable	484,311
Less: Allowance for Uncollectible Accounts	58,710
Accounts Receivable, Net	$ 425,601

Allowance for Doubtful Receivables. Allowance for doubtful accounts are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable are reported net of allowances of $58,710 at June 30, 2021.

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

5. Due From State

The amount $78,095 due from State consists of $75,922 from Capital Improvement Fee Trust Fund due from the State to the University for construction of University facilities, $1,829 of the Florida Bright Futures Scholarship program pending at year-end, and $344 in Sales tax overpayments to be claimed from the State.

6. Due From Component Unit

The amount due from component unit of $538,935 consists of amounts owed to the University by the Foundation for payroll for the fourth quarter and reimbursements for expenses paid for by University sources that are Foundation expenses.

7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	**Beginning Balance**	**Additions**	**Reductions**	**Ending Balance**
Nondepreciable Capital Assets:				
Land	$ 4,561,975	$ -	$ -	$ 4,561,975
Works of Art and Historical Treasures	76,840	-	-	76,840
Construction in Progress	107,608	659,771	89,368	678,011
Total Nondepreciable Capital Assets	$ 4,746,423	$ 659,771	$ 89,368	$ 5,316,826
Depreciable Capital Assets:				
Buildings	$ 118,734,382	$ 355,713	$ -	$ 119,090,095
Infrastructure and Other Improvements	7,202,724	-	-	7,202,724
Furniture and Equipment	6,294,067	296,096	79,216	6,510,947
Library Resources	484,367	-	-	484,367
Computer Software	111,363	-	-	111,363
Total Depreciable Capital Assets	132,826,903	651,809	79,216	133,399,496
Less, Accumulated Depreciation:				
Buildings	53,813,001	3,313,155	-	57,126,156
Infrastructure and Other Improvements	3,024,538	359,166	-	3,383,704
Furniture and Equipment	5,259,581	435,326	79,216	5,615,691
Library Resources	484,367	-	-	484,367
Computer Software	98,282	6,540	-	104,822
Total Accumulated Depreciation	62,679,769	4,114,187	79,216	66,714,740
Total Depreciable Capital Assets, Net	$ 70,147,134	$ (3,462,378)	$ -	$ 66,684,756

8. Unearned Revenue

Unearned revenue at June 30, 2021, includes contracts and grants revenue and student tuition and fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2021, the University reported the following amounts as unearned revenue:

Description	**Amount**
Contracts and Grants	$ 39,808
Student Tuition and Fees	46,350
Total Unearned Revenue	$ 86,158

9. Deferred Outflow / Inflow of Resources

The University's blended component unit (Development Corporation) entered into an interest rate swap agreement in connection with its $30 million certificates of participation issuance to manage the risk of rising interest rates on its variable rate-based debt. Deferred outflows of resources include the effect of deferring accumulated decreases in fair value of hedging derivatives related to this interest rate swap agreement. The other noncurrent liabilities section of Note 10. below includes a complete discussion of the swap agreement.

The deferred outflows and inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred outflows of pension resources were $7,310,607 and total deferred inflows of resources related to pensions were $375,459 for the fiscal year ended June 30, 2021. Note 11. includes a complete discussion of defined benefit pension plans.

The deferred outflows and inflows related to OPEB are an aggregate of items related to OPEB as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Total deferred outflows of OPEB resources were $5,525,459 and total deferred inflows of resources related to OPEB were $8,249,370 for the fiscal year ended June 30, 2021. Note 10. below includes a complete discussion of OPEB.

10. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2021, include certificates of participation payable, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities (an interest rate swap). Long-term liabilities activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Certifications of Participation Payable	$ 23,020,715	$ 2,491	$ 930,000	$ 22,093,206	$ 980,000
Compensated Absences Payable	2,862,281	605,990	384,493	3,083,778	300,515
Other Postemployment Benefits Payable	21,102,038	3,964,525	6,183,391	18,883,172	306,384
Net Pension Liability	15,480,029	10,611,225	7,448,770	18,642,484	38,201
Other Noncurrent Liabilities	1,402,560	-	706,242	696,318	-
Total Long-Term Liabilities	$ 63,867,623	$ 15,184,231	$ 15,652,896	$ 63,398,958	$ 1,625,100

Certificates of Participation Payable. On April 7, 2006, the Development Corporation issued variable rate Certificates of Participation (COPs), Series 2006, in the amount of $30,110,000. The proceeds were used to finance the acquisition, construction, and equipping of five new residence halls containing approximately 200 new student beds, the renovation and improvement of three existing residence halls (Johnson, Bates, and Rothenberg), comprising the Pei complex, and renovation and improvement to the Hamilton Center, the student activities center.

In April of 2012, the Development Corporation, through resolution of the Board, restructured the existing variable rate COPs as allowed under the master trust indenture. The existing COPs were restructured as a non-bank qualified tax exempt variable facility (New College of Florida Development Corporation, Series 2012 Conversion). The interest rate is 77 percent of the sum of the 30-day London Interbank Offered Rate (LIBOR) plus 185 basis points. The revised agreement is for 10 years, which expires in April of 2022. However, the existing maturity and principal payment requirements pursuant to the original 2006 debt issuance were not restructured.

With the enactment of the Federal Tax Cuts and Jobs Act, the Development Corporation's tax exempt variable facility does not have the same value as it did prior to this act due to the corporate maximum tax rate being reduced to 21 percent from 35 percent. As such, SunTrust, as Trustee, has adjusted the interest rate on the SWAP, effective April 1, 2018, to be 77 percent of the 30-day LIBOR, fixed at 3.30 percent, plus 93.584 percent of 1.85 percent equaling 1.7313 percent. The sum of these two components provides a total effective fixed interest of 5.0313 percent.

As a condition of the financing arrangement, the University entered into a Master Ground and Operating Lease Agreement with the Development Corporation. The property covered by the Master Ground lease together with the improvement thereon is leased back by the University to manage and operate through the Master Operating Lease and Facilities Sublease and Management Agreement. The payments on the lease are equal to the annual debt service requirements of the related bond debt and operating costs of the Development Corporation. The lease will terminate on the date the certificates and any related obligations are paid in full. Revenues from student resident facilities are pledged to pay rent to the Development Corporation or its assignees equal to the debt service on the long-term debt and any operating costs. During the 2020-21 fiscal year, student housing revenue totaled $2,900,637.

Principal and interest payment requirements on the COPs outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	**Principal**	**Interest**	**Total**
2022	$ 980,000	$ 1,013,110	$ 1,993,110
2023	1,020,000	964,251	1,984,251
2024	1,065,000	915,738	1,980,738
2025	1,115,000	859,826	1,974,826
2026	1,160,000	804,261	1,964,261
2027-2031	6,645,000	3,095,335	9,740,335
2032-2036	8,265,000	1,278,186	9,543,186
2037	1,880,000	-	1,880,000
Subtotal	22,130,000	8,930,707	31,060,707
Less: Discounts	(36,794)	-	(36,794)
Total	$ 22,093,206	$ 8,930,707	$ 31,023,913

Other Noncurrent Liabilities. Other noncurrent liabilities are the liability for an interest rate swap agreement. To protect against the potential of rising interest rates, the Development Corporation entered into an interest rate swap agreement at the time the COPs were issued. The intention of the swap was to effectively change the variable interest rate on the COPs to a synthetic fixed rate. In April of 2012, the existing swap agreement was amended to match the terms of the restructured debt. The details of the swap at June 30, 2021, are shown in the following table:

Amount	Effective Date	Termination Date	Fixed Rate	Variable Rate	Counterparty Credit Rating
$ 22,130,000	4-9-12	4-1-22	4.7245% (1)	(2)	BBB+ (3)

(1) 77 percent of 30-day LIBOR fixed at 3.30 percent, plus 77 percent of 1.85 percent equaling 1.4245 percent. The sum of these two components total an effective fixed rate of 4.7245 percent.

(2) 93.584 percent of 30-day LIBOR plus 1.85 percent equaling 1.7313 percent.

(3) Rated by Standard & Poor's.

The Development Corporation pays the variable rate interest quarterly and then either pays the swap interest expense or receives a swap payment to effectively fix the rate.

Fair Value: The swap had a negative fair value as of June 30, 2021. The negative fair value may be offset by reductions in total interest payments required under the variable rate COPs, creating lower synthetic interest rates. Because the coupons on the Development Corporation variable-rate COPs adjust to changing interest rates, the COPs do not have corresponding fair value increases. The fair value estimate is provided to the Development Corporation has requested the fair value of its swap agreement be determined, although it has no intention of selling the agreement and has the ability to hold and meet the swap obligation. At June 30, 2021, the negative fair value of the swap agreement held by the Development Corporation was $696,318.

Credit Risk: As of June 30, 2021, the Development Corporation was not exposed to credit risk on its outstanding swap because of the negative fair value. However, should interest rates change and the fair value of the swap agreement become positive, the Development Corporation would be exposed to credit risk in the amount of the derivative's fair value.

Termination Risk: The Development Corporation or the counter party may terminate the swap agreement if the other party fails to perform under the terms of the contract. If the swap agreement is terminated, the associated variable-rate bonds would no longer synthetic fixed interest rate. Also, if at the time of the termination the swap agreement has a negative fair value, the Development Corporation would be liable to the counterparty for a payment equal to the fair value of the swap agreement.

Rollover Risk: The Development Corporation is exposed to rollover risk on the swap since it matures prior to the associated debt. When the swap terminates, the Development Corporation will not realize the synthetic rate offered by the agreement.

Basis Risk: The Development Corporation is exposed to basis risk because the variable rate payments are calculated on the basis of approximately 94 percent of LIBOR and the Development Corporation's variable rate interest obligations on the notes is determined in the tax-exempt market. Should the relationship between LIBOR and the tax-exempt market change and move to converge, or should the debt trade at levels worse (higher in rate) in relation to the tax-exempt market, the Development Corporation's all-in costs would increase.

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2021, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $3,083,778. The current portion of the compensated absences liability, $300,515, is the amount expected to be paid in the coming fiscal year and is based on actual payouts for the last three years calculated as a percentage of those years' compensated absences liability.

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

General Information about the OPEB Plan

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

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above. For the 2020-21 fiscal year, 27 retirees and beneficiaries received postemployment healthcare benefits.

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of $18,883,172 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 0.18 percent, which was an increase of 0.01 from its proportionate share reported as of July 1, 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:

Inflation	2.6 percent
Salary increases	Varies by FRS Class
Discount rate	2.66 percent
Healthcare cost trend rates	
PPO Plan	7.78 percent for 2021, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
HMO Plan	5.66 percent for 2021, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the Standard & Poor's (S&P) Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on the PUB-2010 mortality tables with fully generational improvement with Scale MP-2018, updated from RP-2000 mortality tables using Scale BB.

While an experience study had 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 twelve (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 S&P Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate decreased from 2.79 percent to 2.66 percent.
- Mortality – 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 by about 5 percent.
- 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 percent. 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 percent.
- Claims Costs and Premium Rates – The assumed claims and premiums reflect the actual claims information that were provided as well as the premiums that are actually being charged to participants. Recent favorable claims experience resulted in lower liabilities as of June 30, 2020.

- Trend Rate – The medical trend assumption was based on the Getzen Model. Medical trend rates consistent with the August 2020 Report on Financial Outlook of the Plan were used along with information from the Getzen Model and actuarial judgment. The impact of the trend rate changes 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 plan 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 percent are assumed to elect PPO coverage in retirement. The remaining 28 percent 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. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66 percent) or 1 percentage point higher (3.66 percent) than the current rate:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
University's proportionate share of the total OPEB liability	$23,607,291	$18,883,172	$15,280,281

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's proportionate share of the total OPEB liability	$14,814,238	$18,883,172	$24,434,515

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 $1,306,910. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,103,291
Change of assumptions or other inputs	2,496,418	7,146,079
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	2,714,987	-
Transactions subsequent to the measurement date	314,054	-
Total	$ 5,525,459	$ 8,249,370

Of the total amount reported as deferred outflows of resources related to OPEB, $314,054 resulting from benefit payments and administrative expenses 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 follows:

Fiscal Year Ending June 30	Amount
2022	$ (653,550)
2023	(653,550)
2024	(653,550)
2025	(653,550)
2026	(295,707)
Thereafter	(128,058)
Total	$ (3,037,965)

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2021, the University's proportionate share of the net pension liabilities totaled $18,642,484. Note 11. includes a complete discussion of defined benefit pension plans.

11. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

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

(HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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

The University's FRS and HIS pension expense totaled $3,868,176 for the fiscal year ended June 30, 2021.

FRS Pension Plan

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2020-21 fiscal year were:

Class	Percent of Gross Salary Employee	Employer (1)
FRS, Regular	3.00	10.00
FRS, Senior Management Service	3.00	27.29
FRS, Special Risk	3.00	24.45
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	16.98
FRS, Reemployed Retiree	(2)	(2)

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

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

The University's contributions to the Plan totaled $1,354,754 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the University reported a liability of $15,180,777 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 0.035025983 percent, which was a decrease of 0.000421017 from its proportionate share measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of $3,486,095. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 580,999	$ -
Change of assumptions	2,748,204	-
Net difference between projected and actual earnings on FRS Plan investments	903,878	-
Changes in proportion and differences between University contributions and proportionate share of contributions	781,210	89,080
University FRS contributions subsequent to the measurement date	1,354,754	-
Total	$ 6,369,045	$ 89,080

The deferred outflows of resources totaling $1,354,754, 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 follows:

Fiscal Year Ending June 30	Amount
2022	$ 1,098,416
2023	1,547,180
2024	1,318,523
2025	789,468
2026	171,624
Total	$ 4,925,211

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

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

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

The actuarial assumptions used in the July 1, 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 pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2020 valuation was updated from 6.90 percent to 6.80 percent.

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

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
University's proportionate share of the net pension liability	$24,241,150	$15,180,777	$7,613,514

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.

Payables to the Pension Plan. At June 30, 2021, the University reported a payable of $105,194 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2021.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled $167,241 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the University reported a liability of $3,461,707 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, 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 0.028351788 percent, which was a decrease of 0.000896370 from its proportionate share measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the University recognized pension expense of $382,081. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 141,605	$ 2,670
Change of assumptions	372,232	201,285
Net difference between projected and actual earnings on HIS Plan investments	2,764	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	257,720	82,424
University HIS contributions subsequent to the measurement date	167,241	-
Total	$ 941,562	$ 286,379

The deferred outflows of resources totaling $167,241, 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 follows:

Fiscal Year Ending June 30	Amount
2022	$ 163,906
2023	118,865
2024	48,140
2025	60,560
2026	61,065
Thereafter	35,406
Total	$ 487,942

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

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.21 percent

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 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2020 valuation was updated from 3.50 percent to 2.21 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 2.21 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
University's proportionate share of the net pension liability	$4,001,579	$3,461,707	$3,019,824

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

12. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class

(Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2020-21 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

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

The University's Investment Plan pension expense totaled $453,489 for the fiscal year ended June 30, 2021.

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 3.44 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 8.59 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled $1,057,811, and employee contributions totaled $616,856 for the 2020-21 fiscal year.

13. Construction Commitments

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

Project Description	Total Commitment	Completed to Date	Balance Committed
Bay Front Dock	$ 435,548	$ 96,121	$ 339,427
Caples HVAC and Renovations	594,938	493,319	101,619
Subtotal	1,030,486	589,440	441,046
Other Projects (1)	230,440	88,571	141,869
Total	$ 1,260,926	$ 678,011	$ 582,915

(1) Individual projects with a current balance committed of less than $100,000 at June 30, 2021.

14. Operating Lease Commitments

The University leased land under an operating lease, which expires in 2056. This leased asset and the related commitments are not reported on the University's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from this lease agreement are contingent upon future appropriations. The lease is between New College of Florida and the Sarasota-Manatee Airport Authority. Every fifth year the annual lease payment is adjusted based on the Consumer Price Index. Future minimum lease commitments for this noncancelable operating lease are as follows:

Fiscal Year Ending June 30	Amount
2022	$ 98,490
2023	98,490
2024	98,490
2025	98,490
2026	98,490
2027-2031	492,449
2032-2036	492,449
2037-2041	492,449
2042-2046	492,449
2047-2051	492,449
2052-2056	492,449
Total Minimum Payments Required	$ 3,447,144

15. Risk Management 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 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. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 16,095,171
Research	752,944
Academic Support	3,810,411
Student Services	6,088,825
Institutional Support	10,659,266
Operation and Maintenance of Plant	6,022,280
Scholarships and Fellowships	1,882,110
Depreciation	4,114,187
Auxiliary Enterprises	3,578,655
Total Operating Expenses	$ 53,003,849

17. Blended Component Unit

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

Condensed Statement of Net Position

	New College of Florida Development Corporation	University	Eliminations	Total Primary Government
Assets:				
Due From University / Blended CU	$ 2,097,923	$ -	$ (2,097,923)	$ -
Other Current Assets	1,666,101	23,728,192	(1,666,101)	23,728,192
Capital Assets, Net	-	72,001,582	-	72,001,582
Other Noncurrent Assets	18,896,780	600,313	(18,896,780)	600,313
Total Assets	22,660,804	96,330,087	(22,660,804)	96,330,087
Deferred Outflows of Resources	696,318	12,836,066	-	13,532,384
Liabilities:				
Due To University / Blended CU	-	2,097,923	(2,097,923)	-
Other Current Liabilities	1,261,358	3,598,148	-	4,859,506
Noncurrent Liabilities	21,809,524	60,527,215	(20,562,881)	61,773,858
Total Liabilities	23,070,882	66,223,286	(22,660,804)	66,633,364
Deferred Inflows of Resources	-	8,624,829	-	8,624,829
Net Position:				
Net Investment in Capital Assets	-	49,908,375	-	49,908,375
Restricted - Expendable	286,240	765,575	-	1,051,815
Unrestricted	-	(16,355,912)	-	(16,355,912)
Total Net Position	$ 286,240	$ 34,318,038	$ -	$ 34,604,278

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

	New College of Florida Development Corporation	University	Eliminations	Total Primary Government
Operating Revenues	$ 1,147,620	$ 7,276,580	$ -	$ 8,424,200
Depreciation Expense	-	(4,114,187)	-	(4,114,187)
Other Operating Expenses	(19,309)	(48,870,353)	-	(48,889,662)
Operating Income (Loss)	1,128,311	(45,707,960)	-	(44,579,649)
Nonoperating Revenues (Expenses):				
Nonoperating Revenue	-	40,924,910	-	40,924,910
Interest Expense	(1,128,311)	(2,491)	-	(1,130,802)
Other Nonoperating Expense	(2,491)	(1,350,251)	-	(1,352,742)
Net Nonoperating Revenues (Expenses)	(1,130,802)	39,572,168	-	38,441,366
Other Revenues	-	132,588	-	132,588
Decrease in Net Position	(2,491)	(6,003,204)	-	(6,005,695)
Net Position, Beginning of Year	288,731	40,321,242	-	40,609,973
Net Position, End of Year	$ 286,240	$ 34,318,038	$ -	$ 34,604,278

Condensed Statement of Cash Flows

	New College of Florida Development Corporation	University	Eliminations	Total Primary Government
Net Cash Provided (Used) by:				
Operating Activities	$ 2,073,800	$ (39,100,638)	$ -	$ (37,026,838)
Noncapital Financing Activities	-	40,107,674	-	40,107,674
Capital and Related Financing Activities	(2,073,800)	(870,846)	-	(2,944,646)
Investing Activities	-	(294,202)	-	(294,202)
Net Decrease in Cash and Cash Equivalents	-	(158,012)	-	(158,012)
Cash and Cash Equivalents, Beginning of Year	-	2,667,966	-	2,667,966
Cash and Cash Equivalents, End of Year	$ -	$ 2,509,954	$ -	$ 2,509,954

18. Discretely Presented Component Unit

The University has one discretely presented component unit as discussed in Note 1. This component units comprises 100 percent of the transactions and account balances of the discretely presented component units' column of the financial statements.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
University's proportion of the total other postemployment benefits liability	0.18%	0.17%	0.16%	0.16%
University's proportionate share of the total other postemployment benefits liability	$ 18,883,172	$ 21,102,038	$ 16,882,000	$ 16,780,000
University's covered-employee payroll	$ 21,022,328	$ 20,086,194	$ 17,432,167	$ 16,540,148
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	89.82%	105.06%	96.84%	101.45%

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

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

	2020 (1)	2019 (1)	2018 (1)	2017 (1)
University's proportion of the FRS net pension liability	0.035025983%	0.035447000%	0.032983616%	0.029416862%
University's proportionate share of the FRS net pension liability	$ 15,180,777	$ 12,207,453	$ 9,934,836	$ 8,701,310
University's covered payroll (2)	$ 21,022,328	$ 20,086,194	$ 17,432,167	$ 16,540,148
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	72.21%	60.78%	56.99%	52.61%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%

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

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

Schedule of University Contributions – Florida Retirement System Pension Plan

	2021 (1)	2020 (1)	2019 (1)	2018 (1)
Contractually required FRS contribution	$ 1,354,754	$ 1,163,758	$ 1,099,113	$ 940,007
FRS contributions in relation to the contractually required contribution	(1,354,754)	(1,163,758)	(1,099,113)	(940,007)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 22,305,842	$ 21,022,328	$ 20,086,194	$ 17,432,167
FRS contributions as a percentage of covered payroll	6.07%	5.54%	5.47%	5.39%

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

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

2016 (1)	**2015** (1)	**2014** (1)	**2013** (1)
0.028903737%	0.026926709%	0.025391772%	0.019864042%
$ 7,298,216	$ 3,477,946	$ 1,549,271	$ 3,419,486
$ 15,940,855	$ 15,302,021	$ 14,276,629	$ 13,288,324
45.78%	22.73%	10.85%	25.73%
84.88%	92.00%	96.09%	88.54%

2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)
$ 765,793	$ 704,864	$ 656,496	$ 556,188
(765,793)	(704,864)	(656,496)	(556,188)
$ -	$ -	$ -	$ -
$ 16,540,148	$ 15,940,855	$ 15,302,021	$ 14,276,629
4.63%	4.42%	4.29%	3.90%

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

	2020 (1)	**2019** (1)	**2018** (1)	**2017** (1)
University's proportion of the HIS net pension liability	0.028351788%	0.029248158%	0.028157684%	0.027024071%
University's proportionate share of the HIS net pension liability	$ 3,461,707	$ 3,272,576	$ 2,980,241	$ 2,889,538
University's covered payroll (2)	$ 9,844,244	$ 9,786,732	$ 8,933,439	$ 8,350,415
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.16%	33.44%	33.36%	34.60%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%

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

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

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
Contractually required HIS contribution	$ 167,241	$ 163,378	$ 162,412	$ 152,700
HIS contributions in relation to the contractually required HIS contribution	(167,241)	(163,378)	(162,412)	(152,700)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 9,980,315	$ 9,844,244	$ 9,786,732	$ 8,933,439
HIS contributions as a percentage of covered payroll	1.68%	1.66%	1.66%	1.71%

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

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

2016 (1)	2015 (1)	2014 (1)	2013 (1)
0.026488765%	0.024606111%	0.022834094%	0.020786550%
$ 3,087,156	$ 2,509,436	$ 2,135,044	$ 1,809,742
$ 7,904,077	$ 7,215,699	$ 6,641,607	$ 6,011,544
39.06%	34.78%	32.15%	30.10%
0.97%	0.50%	0.99%	1.78%

2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 143,019	$ 135,772	$ 94,060	$ 78,222
(143,019)	(135,772)	(94,060)	(78,222)
$ -	$ -	$ -	$ -
$ 8,350,415	$ 7,904,077	$ 7,215,699	$ 6,641,607
1.71%	1.72%	1.30%	1.18%

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

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

Changes of Assumptions. The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate decreased from 2.79 percent to 2.66 percent.

Other changes of assumptions since the prior valuation were the removal of the Excise Tax that was to go into effect in 2022 but was repealed, as well as updates to census data, claims costs and premium rates, medical trend rates, mortality rates, and medical plan election percentages. Refer to Note 10. to the financial statement for further detail.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent, and the assumed inflation decreased from 2.60 percent to 2.40 percent.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, the assumed inflation decreased from 2.60 percent to 2.40 percent and the active member mortality assumption was updated.

Sherrill F. Norman, CPA
Auditor General

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

INDEPENDENT AUDITOR'S REPORT 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 New College of Florida, a component unit of the State of Florida, and its discretely presented component unit 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 18, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the blended and 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

Sherrill F. Norman, CPA
Tallahassee, Florida
February 18, 2022