STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2023-076
December 2022

NEW COLLEGE OF FLORIDA

For the Fiscal Year Ended
June 30, 2022

Sherrill F. Norman, CPA
Auditor General

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

The team leader was Michael D. Hess Jr., 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

TABLE OF CONTENTS

SUMMARY

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

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

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

Audit Methodology

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of 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, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the blended and discretely presented component units. The financial statements of New College of Florida Development Corporation, a blended component unit, represent 2.6 percent, 0.9 percent, and 2.1 percent, respectively, of the liabilities, net position, and revenues 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.

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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
December 20, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

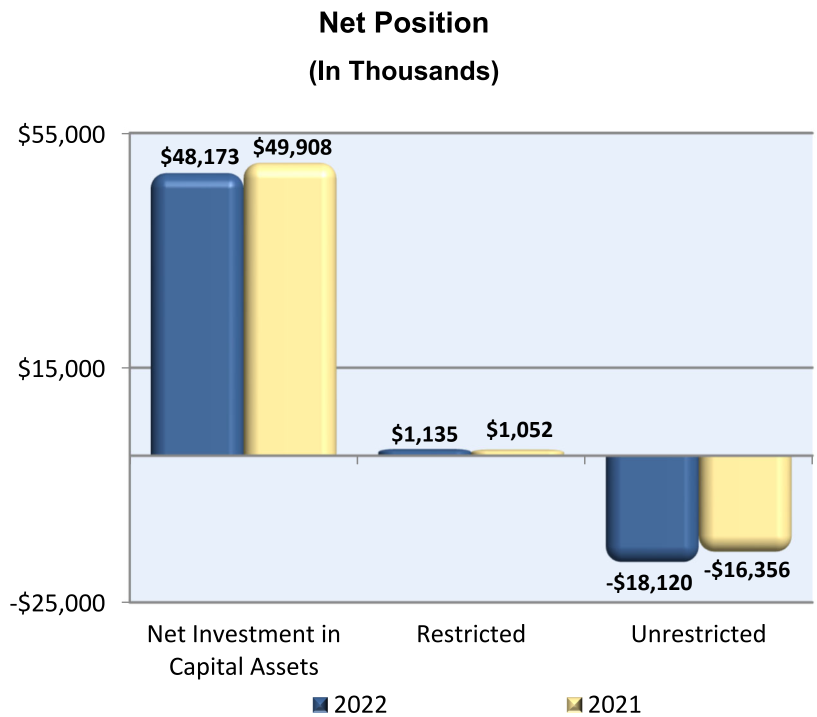
Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2022, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto,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

FINANCIAL HIGHLIGHTS

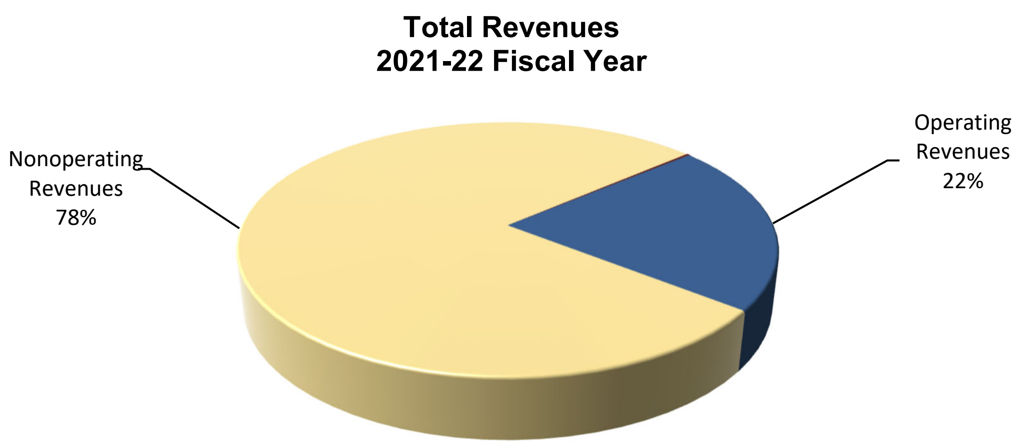
The University's assets and deferred outflows of resources totaled $104.2 million at June 30, 2022. This balance reflects a $5.7 million, or 5.2 percent, decrease as compared to the 2020-21 fiscal year, resulting from decreases in cash and cash equivalents, investments, depreciable capital assets, deferred loss on certificates of participation debt refunding and deferred outflows of pension resources, offset by an increase in accounts receivable and contracts and grants receivable, the addition of the right-to-use land lease asset with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, and an increase in deferred outflows of other postemployment benefits resources. While assets and deferred outflow of resources decreased, liabilities and deferred inflows of resources decreased by $2.3 million, or 3 percent, totaling $73 million at June 30, 2022, resulting from decreases in accrued salaries and wages, certificates of participation payable and debt refunding interest rate swap, net pension liability and deferred inflows of other postemployment benefits resources, offset by increases in accounts payable, the addition of the right-to-use land lease payable with the implementation of GASB Statement No. 87, *Leases*, other postemployment benefits payable, and deferred inflows of pension resources. As a result, the University's net position decreased by $3.4 million, resulting in a year-end balance of $31.2 million.

The University's operating revenues totaled $11.3 million for the 2021-22 fiscal year, representing a 34.5 percent increase compared to the 2020-21 fiscal year due mainly to increases in Federal, State, and nongovernmental grants and contracts received, and sales and services of auxiliary enterprises, offset by a decrease in net student tuition and fees as a result of an increase in the tuition scholarship allowance. Operating expenses totaled $53.3 million for the 2021-22 fiscal year, representing an increase of 0.1 percent as compared to the 2020-21 fiscal year due mainly to increases in scholarships and services and supplies expenses, offset by a decrease in compensation and employee benefits due to changes in the actuarial valuation of the Florida Division of State Group Insurance's other postemployment benefits and pension program.

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



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



Overview of Financial Statements

Pursuant to 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)

	2022	2021
Assets		
Current Assets	$ 21,195	$ 23,728
Capital Assets, Net	71,333	72,002
Other Noncurrent Assets	596	600
Total Assets	93,124	96,330
Deferred Outflows of Resources	11,038	13,532
Liabilities		
Current Liabilities	4,563	4,859
Noncurrent Liabilities	51,020	61,774
Total Liabilities	55,583	66,633
Deferred Inflows of Resources	17,391	8,625
Net Position		
Net Investment in Capital Assets	48,173	49,908
Restricted	1,135	1,052
Unrestricted	(18,120)	(16,356)
Total Net Position	$ 31,188	$ 34,604

Current assets at June 30, 2022, totaled $21.2 million, compared to $23.7 million at June 30, 2021, reflecting a decrease of $2.5 million. This decrease is due to decreases in cash and cash equivalents and investments of $3.3 million, slightly offset by a combined increase of $0.8 million in accounts receivable, contracts and grants receivable, and other current assets.

Total capital assets of $71.3 million decreased by $0.7 million from the prior fiscal year. This decrease was due to increases related to depreciable capital assets of $3.7 million, offset by an increase in accumulated depreciation and a decrease in construction in progress of $4.4 million.

Deferred outflows of resources decreased by $2.5 million, due mainly to a decrease in pension resources of $2 million and the elimination of the interest rate swap prepayment penalty obligation of $0.7 million, offset by a $0.2 million increase in other postemployment benefits resources.

Liabilities at June 30, 2022, totaled $55.6 million, compared to $66.6 million at June 30, 2021. This represents an $11 million decrease. This decrease is composed primarily of decreases of $12.4 million in pension liability, $1 million in certificates of participation payable, $0.6 million in accrued salaries and wages, $0.7 million eliminating the interest rate swap prepayment penalty obligation and $0.1 million in other current liabilities, offset by increases in accounts payable of $0.3 million, the addition of the right-to-use land lease liability with the implementation of GASB Statement No. 87, of $2 million and $1.5 million in other postemployment benefits liability.

Deferred inflows of resources at June 30, 2022, totaled $17.4 million, compared to $8.6 million at June 30, 2021. This increase is due to an increase in pension resources of $9.3 million, offset by a $0.5 million decrease in other postemployment benefit resources.

In summary, New College of Florida's net position of $31.2 million at June 30, 2022, includes $48.2 million net investment in capital assets, $1.1 million in restricted expendable net position, and a deficit of $18.1 million in unrestricted net position, as disclosed in Note 4.

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

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

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

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

(In Thousands)

	2021-22	2020-21
Operating Revenues	$ 11,308	$ 8,424
Less, Operating Expenses	53,321	53,004
Operating Loss	(42,013)	(44,580)
Net Nonoperating Revenues	38,516	38,441
Loss Before Other Revenues	(3,497)	(6,139)
Other Revenues	107	133
Net Decrease In Net Position	(3,390)	(6,006)
Net Position, Beginning of Year	34,604	40,610
Adjustment to Beginning Net Position (1)	(26)	-
Net Position, End of Year	$ 31,188	$ 34,604

(1) Due to the elimination of Furniture and Equipment from the 2020-21 fiscal year, for electronic parts in patrol vehicles.

Operating Revenues

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

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

Operating Revenues
For the Fiscal Years

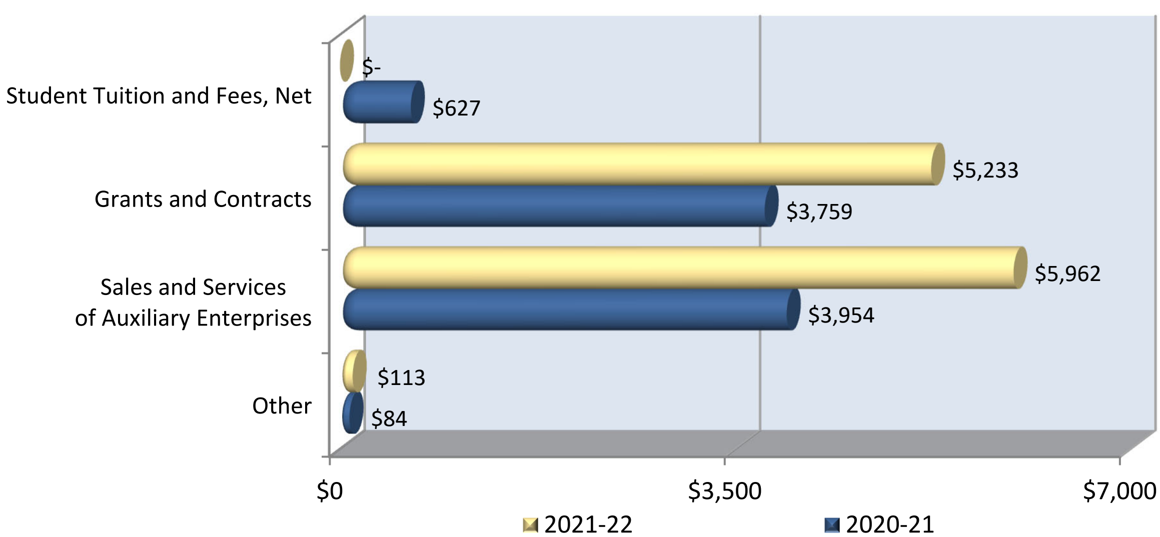
(In Thousands)

	2021-22	2020-21
Student Tuition and Fees, Net	$ -	$ 627
Grants and Contracts	5,233	3,759
Sales and Services of Auxiliary Enterprises	5,962	3,954
Other	113	84
Total Operating Revenues	$ 11,308	$ 8,424

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

Operating Revenues

(In Thousands)



Total operating revenues increased by $2.9 million in the 2021-22 fiscal year due primarily to increases in sales and services of auxiliary enterprises and Federal, State, and nongovernmental grants and contracts, offset by a decrease in net student tuition and fees.

Operating Expenses

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

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

Operating Expenses
For the Fiscal Years

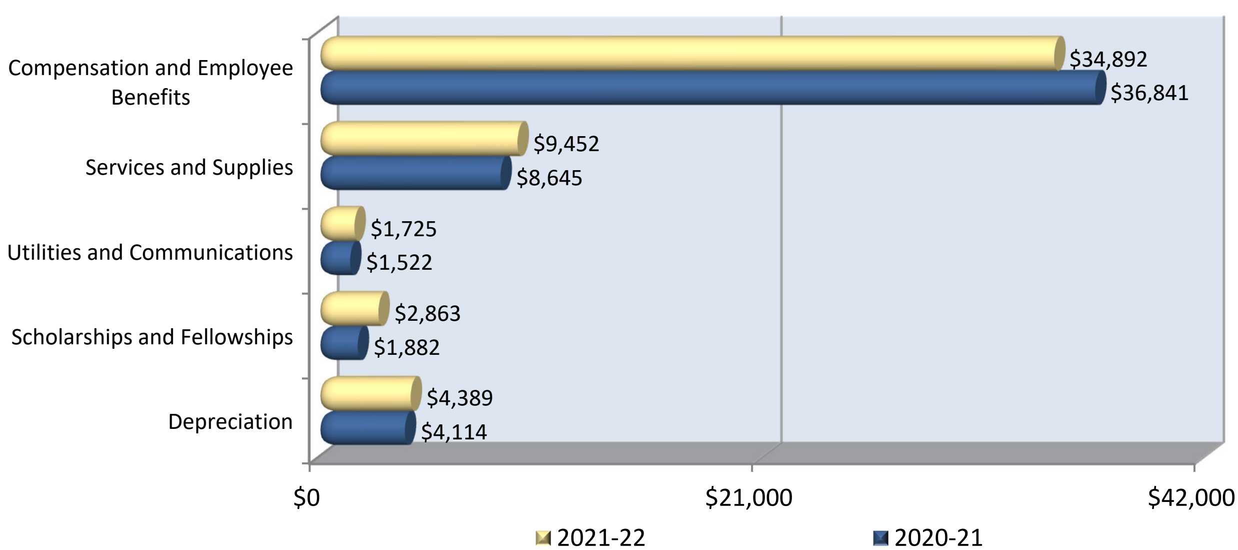
(In Thousands)

	2021-22	**2020-21**
Compensation and Employee Benefits	$ 34,892	$ 36,841
Services and Supplies	9,452	8,645
Utilities and Communications	1,725	1,522
Scholarships and Fellowships	2,863	1,882
Depreciation	4,389	4,114
Total Operating Expenses	$ 53,321	$ 53,004

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

Operating Expenses

(In Thousands)



Total operating expenses for the 2021-22 fiscal year were $53.3 million as compared to $53 million for the 2020-21 fiscal year, which is a $0.3 million, or 0.1 percent increase. The increase is due to increases in scholarships and fellowships of $1 million, services and supplies of $0.8 million, depreciation expense of $0.3 million and utilities and communications of $0.2 million, offset almost in its entirety by a decrease in compensation and employee benefits of $1.9 million. The compensation and employee benefits decrease is primarily due to a reduction in the accrual for pension expenses.

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 2021-22 and 2020-21 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2021-22	2020-21
State Noncapital Appropriations	$ 35,598	$ 35,375
Federal and State Student Financial Aid	3,114	3,396
Noncapital Grants, Contracts and Donations	1,562	1,400
Investment Loss	(497)	(558)
Other Nonoperating Revenues	459	1,312
Interest on Capital Asset-Related Debt	(1,050)	(1,131)
Other Nonoperating Expenses	(670)	(1,353)
Net Nonoperating Revenues	$ 38,516	$ 38,441

The nonoperating revenues increased less than $0.1 million during the 2021-22 fiscal year. Although the change in this category is minimal, it is worth noting the decrease of $0.7 million in expenses related to reimbursements to students for reasons related to the COVID-19 pandemic, a $0.1 million improvement in investment loss, a $0.2 million increase in non-recurring State noncapital appropriations, and a $0.2 million increase in noncapital grants, contracts and donations, offset by a $0.9 million reduction in the use of Coronavirus Aid, Relief, and Economic Security Act and carry forward funds to cover for losses related to the COVID-19 pandemic, $0.3 million decrease in Federal and State student financial aid, and a $0.1 million decrease in interest expense.

Other Revenues

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

Other Revenues
For the Fiscal Years

(In Thousands)

	2021-22	2020-21
State Capital Appropriations	$ 107	$ 133
Total	$ 107	$ 133

Total other revenue for the 2021-22 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 2021-22 and 2020-21 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2021-22	2020-21
Cash Provided (Used) by:		
Operating Activities	$ (38,998)	$ (37,027)
Noncapital Financing Activities	40,123	40,108
Capital and Related Financing Activities	(3,921)	(2,945)
Investing Activities	1,980	(294)
Net Decrease in Cash and Cash Equivalents	(816)	(158)
Cash and Cash Equivalents, Beginning of Year	2,510	2,668
Cash and Cash Equivalents, End of Year	$ 1,694	$ 2,510

Major sources of funds came from State noncapital appropriations ($35.6 million), sales and services of auxiliary enterprises ($5.7 million), grants and contracts ($5 million), Federal and State student financial aid ($3.1 million), and noncapital grants, contracts and donations ($1.6 million). Major uses of funds were for payments made to and on behalf of employees totaling $35.9 million; payments to suppliers totaling $11.1 million; payments to students for scholarships and fellowships totaling $2.9 million; and purchase or construction of capital assets totaling $1.9 million. Changes in cash and cash equivalents were the result of the following factors:

- The increase of almost $2 million in net cash used by operations was primarily due to increases in payments to employees by $3.1 million, distribution of scholarship and fellowships to students by $1 million, payments to suppliers by $0.7 million and a reduction in net student tuition and fees by $0.6 million, offset by increases in sales and services of auxiliary enterprises by $1.7 million, grants and contracts received by $1.3 million, and other operating receipts of $0.3 million.
- The net cash provided by noncapital financing activities remained virtually unchanged from the prior fiscal year primarily due to decreases in Federal and State student financial aid of $0.3 million and net other receipts and expenses of $0.1 million, offset by an increase in noncapital grants, contracts, and donations of $0.2 million, and nonrecurring State appropriations of $0.2 million.

- The increase of $1 million in net cash used by capital and related financing activities was primarily due to increases of $0.9 million used for the purchase or construction of capital assets and $0.1 million decrease in State capital appropriations.
- The decrease of $2.3 million in net cash used by investing activities was due to a $2.5 million increase in net proceeds from sales and maturities of investments, offset by a $0.2 million decrease in investment income.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the University had $142.3 million in capital assets, less accumulated depreciation of $71 million, for net capital assets of $71.3 million. Depreciation charges for the current fiscal year totaled $4.4 million, which includes almost $0.1 million related to the right-to-use land lease amortization from the implementation of GASB Statement No. 87, *Leases*. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2022	**2021**
Land	$ 4,562	$ 4,562
Works of Art and Historical Treasures	77	77
Construction in Progress	521	678
Buildings	59,552	61,964
Infrastructure and Other Improvements	3,956	3,819
Furniture and Equipment	632	895
Right-to-Use Lease Assets	2,024	-
Computer Software	9	7
Capital Assets, Net	$ 71,333	$ 72,002

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2022, were incurred for the Bay Front Dock, Caples HVAC and Renovations, and Career Engagement and Opportunity Space Expansion. The University's construction commitments at June 30, 2022, are as follows:

	Amount (In Thousands)
Total Committed	$ 4,640
Completed to Date	521
Balance Committed	$ 4,119

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

Debt Administration

As of June 30, 2022, the University had $21.1 million in outstanding certificates of participation payable, representing a decrease of $1 million or 4.5 percent, and an increase in right-to-use leases payable of $2 million 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. State noncapital and capital appropriations for the 2021-22 fiscal year totaled $35.6 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 2022-23 fiscal year is $31.9 million or $3.7 million (10.4 percent) less than the level that was funded in the 2021-22 fiscal year. This includes reductions in base funding of $4.1 million and $0.1 million in risk management insurance support, offset by an increase of $0.4 million in lottery revenue distribution. Due to concerted efforts to attract new students and retain existing students, the University expects to maintain current levels of student enrollment resulting in revenue from student tuition and fees to be similar to the 2021-22 fiscal year. Amounts that can be charged for student tuition and fees are still expected to remain unchanged by the Florida Legislature.

The University received a total of $3.8 million from the Foundation, during the 2021-22 fiscal year, including $1 million in scholarships and $2.2 million in other program support. Included in the $2.2 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 in 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.

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.

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

June 30, 2022

	University	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,693,510	$ 6,593,350
Investments	17,431,472	-
Accounts Receivable, Net	960,770	301,100
Due from State	156,363	-
Due from Component Unit	527,469	-
Other Current Assets	425,617	40,710
Total Current Assets	21,195,201	6,935,160
Noncurrent Assets:		
Investments	-	39,606,062
Restricted Investments	595,506	-
Accounts Receivable, Net	-	275,419
Depreciable Capital Assets, Net	64,149,018	730,718
Nondepreciable Capital Assets	5,159,899	421,832
Right-to-Use Land Lease, Net	2,024,396	-
Total Noncurrent Assets	71,928,819	41,034,031
Total Assets	93,124,020	47,969,191
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	5,707,276	-
Pensions	5,330,534	-
Total Deferred Outflows of Resources	11,037,810	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	660,546	448,503
Construction Contracts Payable	203,055	-
Salary and Wages Payable	1,616,008	-
Deposits Payable	528	-
Due to University	-	527,469
Unearned Revenue	150,496	626,153
Other Current Liabilities	176,074	-
Long-Term Liabilities - Current Portion:		
Certificates of Participation Payable	1,020,000	-
Note Payable	-	7,938
Right-to-Use Land Lease Payable	32,286	-
Compensated Absences Payable	327,659	-
Other Postemployment Benefits Payable	357,306	-
Net Pension Liability	18,603	-
Total Current Liabilities	4,562,561	1,610,063

	University	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Certificates of Participation Payable	20,095,698	-
Note Payable	-	321,954
Right-to-Use Land Lease Payable	2,011,894	-
Compensated Absences Payable	2,690,017	-
Other Postemployment Benefits Payable	20,064,647	-
Net Pension Liability	6,157,763	-
Other Noncurrent Liabilities	-	391,170
Total Noncurrent Liabilities	51,020,019	713,124
Total Liabilities	55,582,580	2,323,187
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	7,734,181	-
Pensions	9,657,103	-
Gift Annuities and Charitable Remainder Unitrust	-	165,882
Total Deferred Inflows of Resources	17,391,284	165,882
NET POSITION		
Net Investment in Capital Assets	48,173,435	822,658
Restricted for Nonexpendable:		
Endowment	-	35,390,768
Restricted for Expendable:		
Capital Projects	723,322	-
Other	411,223	7,406,607
Unrestricted	(18,120,014)	1,860,089
TOTAL NET POSITION	$ 31,187,966	$ 45,480,122

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, 2022

	University	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees	$ 5,949,231	$ -
Tuition Scholarship Allowance	(5,949,231)	-
Federal Grants and Contracts	2,203,616	-
State and Local Grants and Contracts	56,859	-
Nongovernmental Grants and Contracts	2,972,394	-
Sales and Services of Auxiliary Enterprises ($3,904,092 Pledged for Housing Facility Revenue Certificates of Participation)	5,962,721	-
Gift and Donations	-	2,362,377
Other Operating Revenues	112,968	98,429
Total Operating Revenues	11,308,558	2,460,806
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	34,891,921	-
Services and Supplies	9,452,289	-
Utilities and Communications	1,725,041	-
Scholarships and Fellowships	2,863,033	-
Depreciation	4,388,944	-
Other Operating Expenses	-	5,173,148
Total Operating Expenses	53,321,228	5,173,148
Operating Loss	(42,012,670)	(2,712,342)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	35,598,168	-
Federal and State Student Financial Aid	3,114,369	-
Noncapital Grants, Contracts, and Donations	1,561,682	-
Investment Loss	(496,701)	(7,180,864)
Other Nonoperating Revenues	458,820	46,196
Interest on Capital Asset-Related Debt	(1,049,998)	-
Other Nonoperating Expenses	(670,340)	-
Net Nonoperating Revenues (Expenses)	38,516,000	(7,134,668)
Loss Before Other Revenues	(3,496,670)	(9,847,010)
State Capital Appropriations	106,898	-
Contributions to Permanent Endowments	-	42,825
Decrease in Net Position	(3,389,772)	(9,804,185)
Net Position, Beginning of Year	34,604,278	55,284,307
Adjustments to Beginning Net Position	(26,540)	-
Net Position, Beginning of Year, as Restated	34,577,738	55,284,307
Net Position, End of Year	$ 31,187,966	$ 45,480,122

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, 2022

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ (686)
Grants and Contracts	4,961,887
Sales and Services of Auxiliary Enterprises	5,650,422
Other Operating Receipts	226,632
Payments to Employees	(35,923,289)
Payments to Suppliers for Goods and Services	(11,050,172)
Payments to Students for Scholarships and Fellowships	(2,863,033)
Net Cash Used by Operating Activities	(38,998,239)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	35,568,838
Federal and State Student Financial Aid	3,114,369
Noncapital Grants, Contracts and Donations	1,561,036
Federal Direct Loan Program Receipts	813,842
Federal Direct Loan Program Disbursements	(813,842)
Other Nonoperating Receipts	458,819
Other Nonoperating Disbursements	(580,683)
Net Cash Provided by Noncapital Financing Activities	40,122,379
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	57,960
Purchase or Construction of Capital Assets	(1,912,409)
Principal Paid on Capital Debt and Leases	(1,019,035)
Interest Paid on Capital Debt and Leases	(1,047,506)
Net Cash Used by Capital and Related Financing Activities	(3,920,990)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	39,926,391
Purchases of Investments	(38,106,711)
Investment Income	160,726
Net Cash Provided by Investing Activities	1,980,406
Net Decrease in Cash and Cash Equivalents	(816,444)
Cash and Cash Equivalents, Beginning of Year	2,509,954
Cash and Cash Equivalents, End of Year	$ 1,693,510

	University
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (42,012,670)
Adjustments to Reconcile Operating Loss	
to Net Cash Used by Operating Activities:	
Depreciation Expense	4,388,944
Changes in Assets, Liabilities, Deferred Outflows of Resources,	
and Deferred Inflows of Resources:	
Receivables, Net	(535,169)
Other Assets	(153,781)
Accounts Payable	281,468
Salaries and Wages Payable	(602,641)
Compensated Absences Payable	(66,102)
Unearned Revenue	64,338
Other Postemployment Benefits Payable	1,538,781
Net Pension Liability	(12,466,118)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(181,817)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(515,189)
Deferred Outflows of Resources Related to Pensions	1,980,073
Deferred Inflows of Resources Related to Pensions	9,281,644
NET CASH USED BY OPERATING ACTIVITIES	$ (38,998,239)
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.	$ (657,428)

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 a 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 (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and 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 follow GASB standards of accounting and financial reporting.

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

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

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

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

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

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by the Federal Deposit Insurance Corporation, 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 (OPEB) payable, net pension liability, 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.

Leases. The University determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and lease liabilities in the statements of net position. Lease assets represent the University's control of the right-to-use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities represent the University's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the university will exercise that option. The University recognized payments for short-term leases with a lease term of 12 months or less and leases with a present value of less than a hundred thousand dollars over the life of the lease as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position.

2. Reporting Change

Governmental Accounting Standards Board Statement No. 87. The University implemented GASB Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use, an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The University only participates as lessee in current lease contracts. This change is reflected in Note 9. and Note 12. There was no effect to beginning net position.

3. Adjustment to Beginning Net Position

The beginning net position of the University was decreased by $26,540 due to the elimination of Furniture and Equipment for electronic parts in patrol vehicles from the 2020-21 fiscal year.

4. Deficit Net Position in Individual Funds

The University reported an unrestricted net position which included a deficit in the current funds – unrestricted as shown below. 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	$ (21,996,622)
Auxiliary Funds	3,876,608
Total	$ (18,120,014)

5. Investments

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

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

All of the University's recurring fair value measurements as of June 30, 2022, are 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 $18,026,978 at June 30, 2022, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities (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 2.66 years, and fair value factor of 0.9479 at June 30, 2022. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled, and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Component Unit Investments.

Investments held by the University's discretely presented component unit at June 30, 2022, 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	$ 29,108,722	$ 29,108,722	$ -	$ -
Bonds	4,394,035	4,394,035	-	-
Total investments by fair value level	$ 33,502,757	$ 33,502,757	$ -	$ -
Investments measured at the net asset value (NAV)				
Private Equity and Other Investments	6,103,305			
Total investments measured at NAV	6,103,305			
Total investments measured at fair value	$ 39,606,062			

6. 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, 2022, the University reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	$ 33,627
Contracts and Grants	527,888
Auxiliary Services	439,875
Other	1,938
Total Accounts Receivable	1,003,328
Less: Allowance for Uncollectible Accounts	42,558
Accounts Receivable, Net	$ 960,770

Allowance for Doubtful Receivables. Allowances for doubtful accounts are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable are reported net of allowances of $42,558 at June 30, 2022.

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

7. Due From State

The amount $156,363 due from State consists of $124,860 from Capital Improvement Fee Trust Fund due from the State to the University for construction of University facilities, $31,250 in State contracts and grants pending at year-end, and $253 in sales tax overpayments to be claimed from the State.

8. Due From Component Unit

The amount due from component unit of $527,469 consists of $539,581 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, and the University owes the Foundation $12,112 as a result of receiving an overpayment for scholarship support.

9. Capital Assets

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

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 4,561,975	$ -	$ -	$ 4,561,975
Works of Art and Historical Treasures	76,840	-	-	76,840
Construction in Progress	678,011	445,618	602,545	521,084
Total Nondepreciable Capital Assets	$ 5,316,826	$ 445,618	$ 602,545	$ 5,159,899
Depreciable Capital Assets:				
Buildings	$ 119,090,095	$ 1,051,387	$ -	$ 120,141,482
Infrastructure and Other Improvements	7,202,724	522,571	-	7,725,295
Furniture and Equipment	6,510,947	236,969	174,446	6,573,470
Right-to-Use Lease Assets (1)	-	2,083,216	-	2,083,216
Library Resources	484,367	-	-	484,367
Computer Software	111,363	10,000	-	121,363
Total Depreciable Capital Assets	133,399,496	3,904,143	174,446	137,129,193
Less, Accumulated Depreciation:				
Buildings	57,126,156	3,462,921	-	60,589,077
Infrastructure and Other Improvements	3,383,704	385,294	-	3,768,998
Furniture and Equipment	5,615,691	473,940	147,905	5,941,726
Library Resources	484,367	-	-	484,367
Right-to-Use Lease Assets (1)	-	58,820	-	58,820
Computer Software	104,822	7,969	-	112,791
Total Accumulated Depreciation	66,714,740	4,388,944	147,905	70,955,779
Total Depreciable Capital Assets, Net	$ 66,684,756	$ (484,801)	$ 26,541	$ 66,173,414

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

10. Unearned Revenue

Unearned revenue at June 30, 2022, 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, 2022, the University reported the following amounts as unearned revenue:

Description	Amount
Contracts and Grants	$ 67,500
Student Tuition and Fees	82,996
Total Unearned Revenue	$ 150,496

11. 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. For the 2020-21 fiscal year, deferred outflows of resources included the effect of deferring accumulated decreases in fair value of hedging derivatives related to this interest rate swap agreement. The interest rate swap expired on April 1, 2022, and it was not renewed, therefore there is no effect in the deferred outflow of resources in the 2021-22 fiscal year. The other noncurrent liabilities section of Note 12. 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 $5,330,534 and total deferred inflows of resources related to pensions were $9,657,103 for the fiscal year ended June 30, 2022. Note 13. 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 $5,707,276 and total deferred inflows of resources related to OPEB were $7,734,181 for the fiscal year ended June 30, 2022. Note 12. below includes a complete discussion of OPEB.

12. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2022, include certificates of participation payable, right-to-use land lease 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, 2022, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Certifications of Participation Payable	$ 22,093,206	$ 2,492	$ 980,000	$ 21,115,698	$ 1,020,000
Right-to-Use Land Leases Payable (1)	-	2,083,216	39,036	2,044,180	32,286
Compensated Absences Payable	3,083,778	359,258	425,360	3,017,676	327,659
Other Postemployment Benefits Payable	18,883,172	2,593,544	1,054,763	20,421,953	357,306
Net Pension Liability	18,642,484	4,330,088	16,796,206	6,176,366	18,603
Other Noncurrent Liabilities	696,318	-	696,318	-	-
Total Long-Term Liabilities	$ 63,398,958	$ 9,368,598	$ 19,991,683	$ 52,775,873	$ 1,755,854

(1) Right-to-Use Land Leases Payable were added due to implementation of GASB Statement No. 87, *Leases*. Beginning balance was not restated.

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), with an interest rate equal to 77 percent of the sum of the 30-day London

Interbank Offered Rate (LIBOR) plus 185 basis points. The revised agreement was for 10 years, which expired in April of 2022. 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 did 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, 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 provided a total effective fixed interest of 5.0313 percent.

Effective April 1, 2022, the Development Corporation 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 plain refinancing with a fixed interest rate of 3.33 percent. The existing maturity and principal payment requirements were not modified.

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 2021-22 fiscal year, student housing revenue totaled $3,904,092.

Principal and interest payment requirements on the COPs outstanding as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	1,020,000	678,821	1,698,821
2024	1,065,000	643,731	1,708,731
2025	1,115,000	607,017	1,722,017
2026	1,160,000	568,764	1,728,764
2027	1,220,000	528,637	1,748,637
2028-2032	6,935,000	1,977,312	8,912,312
2033-2037	8,635,000	671,953	9,306,953
Subtotal	21,150,000	5,676,235	26,826,235
Less: Discounts	(34,302)	-	(34,302)
Total	$ 21,115,698	$ 5,676,235	$ 26,791,933

Right-to-Use Land Lease Payable. The University follows GASB Statement No. 87, *Leases*. Land is leased from an external party for various terms under long-term, non-cancelable agreements. The lease expires on November 30, 2056. Currently, the payments are made in monthly installments of $8,322, with an implicit interest rate of 3.33 percent. The University does not have any leases featuring payments tied to an index or market rate, or any leases subject to a residual value guarantee. See Note 9. for right-to-use assets and the associated accumulated depreciation. Future commitments for remaining leases payable as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2023	$ 99,867	$ 32,286	$ 67,581
2024	99,868	33,378	66,490
2025	99,868	34,507	65,361
2026	99,868	35,674	64,194
2027	99,868	36,880	62,988
2028-2032	499,339	203,969	295,370
2033-2037	499,339	240,865	258,474
2038-2042	499,339	284,435	214,904
2043-2047	499,339	335,887	163,452
2048-2052	499,339	396,646	102,693
2053-2057	441,083	409,653	31,430
Total Minimum Lease Payments	$ 3,437,117	$ 2,044,180	$ 1,392,937

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 2022, the existing swap agreement expired and was not renewed as part of a restructured COPs with a fixed interest rate. As of June 30, 2022, there is no liability related to the swap, compared to $0.7 million at June 30, 2021.

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2022, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $3,017,676. The current portion of the compensated absences liability, $327,659, 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 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 2021-22 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 $20,421,953 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020, updated to July 1, 2021, using the actuarial assumptions in the table below. At June 30, 2021, the University's proportionate share, determined by its proportion of total benefit payments made, was 0.19 percent, which was an increase of 0.01 from its proportionate share reported as of July 1, 2020.

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

Inflation	2.6 percent
Salary increases	Varies by FRS Class
Discount rate	2.18 percent
Healthcare cost trend rates	
PPO Plan	7.95 percent for 2022, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
HMO Plan	6.02 percent for 2022, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the 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.

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:

- 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 2.66 percent to 2.18 percent.
- Retirement – Retirement rates were updated based on those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019, with certain adjustments made to reflect the difference in the underlying populations. 60 percent of the Florida Division of State Group Insurance (DSGI) employees are assumed to become eligible for the Deferred Retirement Option Program (DROP), while the remaining 40 percent are assumed to participate in plans which do not offer DROP benefits. Rates were previously those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change decreased the Total OPEB Liability by about 7 percent as of the valuation date.
- Termination – Termination rates were updated to those used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman's actuarial valuation of the FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 3 percent as of the valuation date.
- Disability – Disability rates were updated to those used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 0.5 percent as of the valuation date.
- Salary Scale – Salary increase rates were updated to those used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 0.2 percent as of the valuation date.
- Active Medical Plan Election Rate – Most actively employed participants in the Plan are health plan subscribers. Those participants are assumed to continue their current health coverage into retirement at a rate of 47 percent. For those who are not currently covered under the health plan, 3.7 percent are assumed to elect medical coverage in retirement. The resulting overall participation rate is 43 percent. Previously, the overall participation rate was 50 percent. This assumption is based on guidance provided by the DSGI on June 23, 2021. This change resulted in an 8 percent decrease in the Total OPEB Liability as of the valuation date.

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

	1% Decrease (1.18%)	Current Discount Rate (2.18%)	1% Increase (3.18%)
University's proportionate share of the total OPEB liability	$25,436,575	$20,421,953	$16,584,308

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	$15,882,052	$20,421,953	$26,655,357

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

For the fiscal year ended June 30, 2022, the University recognized OPEB expense of $1,205,432. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 970,693
Change of assumptions or other inputs	2,196,387	6,763,488
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	3,147,232	-
Transactions subsequent to the measurement date	363,657	-
Total	$ 5,707,276	$ 7,734,181

Of the total amount reported as deferred outflows of resources related to OPEB, $363,657 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ (680,490)
2024	(680,490)
2025	(680,490)
2026	(300,304)
2027	(120,738)
Thereafter	71,950
Total	$ (2,390,562)

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2022, the University's proportionate share of the net pension liabilities totaled $6,176,366. Note 13. includes a complete discussion of defined benefit pension plans.

13. 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 $581,430 for the fiscal year ended June 30, 2022.

FRS Pension Plan

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

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

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

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

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-22 fiscal year were:

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

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

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

The University's contributions to the Plan totaled $1,608,778 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the University reported a liability of $2,686,296 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The University's proportionate share of the net pension liability was based on the University's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the University's proportionate share was 0.035561875 percent, which was an increase of 0.000535892 from its proportionate share measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized pension expense of $254,600. 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	$ 460,435	$ -
Change of assumptions	1,838,097	-
Net difference between projected and actual earnings on FRS Plan investments	-	9,371,810
Changes in proportion and differences between University contributions and proportionate share of contributions	675,063	70,901
University FRS contributions subsequent to the measurement date	1,608,778	-
Total	$ 4,582,373	$ 9,442,711

The deferred outflows of resources totaling $1,608,778, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ (1,027,827)
2024	(1,259,603)
2025	(1,795,764)
2026	(2,421,768)
2027	35,846
Total	$ (6,469,116)

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

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

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

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

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

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

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

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

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

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
University's proportionate share of the net pension liability	$12,013,293	$2,686,296	$(5,110,029)

Pension Plan Fiduciary Net Position. Detailed information about the FRS 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, 2022, the University reported a payable of $117,737 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2022.

<u>HIS Pension Plan</u>

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

Benefits Provided. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

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

The University's contributions to the HIS Plan totaled $177,053 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the University reported a liability of $3,490,070 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within 1 year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and update procedures were used to determine the net pension liability as of June 30, 2021. The University's proportionate share of the net pension liability was based on the University's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the University's proportionate share was 0.028452038 percent, which was an increase of 0.000100250 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the University recognized pension expense of $326,830. 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	$ 116,787	$ 1,462
Changes in assumptions	274,241	143,800
Net difference between projected and actual earnings on HIS Plan investments	3,638	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	176,442	69,130
University HIS contributions subsequent to the measurement date	177,053	-
Total	$ 748,161	$ 214,392

The deferred outflows of resources totaling $177,053, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ 125,116
2024	54,225
2025	66,727
2026	67,285
2027	36,413
Thereafter	6,950
Total	$ 356,716

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

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

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

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

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

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

	1% Decrease (1.16%)	**Current Discount Rate (2.16%)**	**1% Increase (3.16%)**
University's proportionate share of the net pension liability	$4,034,859	$3,490,070	$3,043,737

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.

14. Retirement Plans – Defined Contribution Pension Plans

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

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

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

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

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

The University's Investment Plan pension expense totaled $531,731 for the fiscal year ended June 30, 2022.

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

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

The University's contributions to the Program totaled $1,154,301, and employee contributions totaled $629,828 for the 2021-22 fiscal year.

15. Construction Commitments

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

Project Description	Total Commitment	Completed to Date	Balance Committed
Caples Mansion Phase 2	$ 2,185,911	$ 6,705	$ 2,179,206
CEO Space Expansion	1,002,300	293,483	708,817
Library Water Intrusion	462,155	16,565	445,590
4 Winds Café Renovations	417,737	29,851	387,886
Access Control Replacement	400,000	10,482	389,518
College Hall Renovations	104,874	96,598	8,276
Subtotal	4,572,977	453,684	4,119,293
Other Projects (1)	67,400	67,400	-
Total	$ 4,640,377	$ 521,084	$ 4,119,293

(1) Individual projects with a current balance committed of less than $100,000 at June 30, 2022.

16. 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 2021-22 fiscal year, for property losses, the State retained the first $2 million per occurrence for all perils except named windstorm and flood. The State retained the first $2 million per occurrence with an annual aggregate retention of $40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of $2 million per occurrence were commercially insured up to $57.5 million for named windstorm and flood through February 14, 2022, and decreased to $56.3 million starting February 15, 2022. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $167.5 million through February 14, 2022, and increased to $168.7 million starting February 15, 2022; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to $200,000 per person and $300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

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

17. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 14,181,956
Research	1,387,004
Academic Support	3,522,038
Student Services	5,787,027
Institutional Support	11,716,068
Operation and Maintenance of Plant	4,632,760
Scholarships and Fellowships	2,863,033
Auxiliary Enterprises	4,842,398
Depreciation	4,388,944
Total Operating Expenses	$ 53,321,228

18. 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	$ 1,742,639	$ -	$ (1,742,639)	$ -
Other Current Assets	1,698,821	21,195,201	(1,698,821)	21,195,201
Capital Assets, Net	-	71,333,313	-	71,333,313
Other Noncurrent Assets	18,134,060	595,506	(18,134,060)	595,506
Total Assets	21,575,520	93,124,020	(21,575,520)	93,124,020
Deferred Outflows of Resources	-	11,037,810	-	11,037,810
Liabilities:				
Due To University / Blended CU	-	1,742,639	(1,742,639)	-
Other Current Liabilities	1,196,074	3,366,487	-	4,562,561
Noncurrent Liabilities	20,095,697	50,757,203	(19,832,881)	51,020,019
Total Liabilities	21,291,771	55,866,329	(21,575,520)	55,582,580
Deferred Inflows of Resources	-	17,391,284	-	17,391,284
Net Position:				
Net Investment in Capital Assets	-	48,173,435	-	48,173,435
Restricted - Expendable	283,749	850,796	-	1,134,545
Unrestricted	-	(18,120,014)	-	(18,120,014)
Total Net Position	$ 283,749	$ 30,904,217	$ -	$ 31,187,966

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

	New College of Florida Development Corporation	University	Eliminations	Total Primary Government
Operating Revenues	$ 1,083,804	$ 10,224,754	$ -	$ 11,308,558
Depreciation Expense	-	(4,388,944)	-	(4,388,944)
Other Operating Expenses	(23,683)	(48,908,601)	-	(48,932,284)
Operating Income (Loss)	1,060,121	(43,072,791)	-	(42,012,670)
Nonoperating Revenues (Expenses):				
Nonoperating Revenue	-	40,236,338	-	40,236,338
Interest Revenue (Expense)	(1,060,121)	10,123	-	(1,049,998)
Other Nonoperating Expense	(2,491)	(667,849)	-	(670,340)
Net Nonoperating Revenues (Expenses)	(1,062,612)	39,578,612	-	38,516,000
Other Revenues	-	106,898	-	106,898
Decrease in Net Position	(2,491)	(3,387,281)	-	(3,389,772)
Net Position, Beginning of Year	286,240	34,318,038	-	34,604,278
Adjustments to Beginning Net Position	-	(26,540)	-	(26,540)
Net Position, Beginning of Year, as Restated	286,240	34,291,498	-	34,577,738
Net Position, End of Year	$ 283,749	$ 30,904,217	$ -	$ 31,187,966

Condensed Statement of Cash Flows

	New College of Florida Development Corporation	University	Eliminations	Total Primary Government
Net Cash Provided (Used) by:				
Operating Activities	$ 2,040,121	$ (41,038,360)	$ -	$ (38,998,239)
Noncapital Financing Activities	-	40,122,379	-	40,122,379
Capital and Related Financing Activities	(2,040,121)	(1,880,869)	-	(3,920,990)
Investing Activities	-	1,980,406	-	1,980,406
Net Decrease in Cash and Cash Equivalents	-	(816,444)	-	(816,444)
Cash and Cash Equivalents, Beginning of Year	-	2,509,954	-	2,509,954
Cash and Cash Equivalents, End of Year	$ -	$ 1,693,510	$ -	$ 1,693,510

19. Discretely Presented Component Unit

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

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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)	**2017** (1)
University's proportion of the total other postemployment benefits liability	0.19%	0.18%	0.17%	0.16%	0.16%
University's proportionate share of the total other postemployment benefits liability	$ 20,421,953	$ 18,883,172	$ 21,102,038	$ 16,882,000	$ 16,780,000
University's covered-employee payroll	$ 22,305,942	$ 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	91.55%	89.82%	105.06%	96.84%	101.45%

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

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

	2021 (1)	2020 (1)	2019 (1)	2018 (1)
University's proportion of the FRS net pension liability	0.035561875%	0.035025983%	0.035447000%	0.032983616%
University's proportionate share of the FRS net pension liability	$ 2,686,296	$ 15,180,777	$ 12,207,453	$ 9,934,836
University's covered payroll (2)	$ 22,305,842	$ 21,022,328	$ 20,086,194	$ 17,432,167
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	12.04%	72.21%	60.78%	56.99%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.40%	78.85%	82.61%	84.26%

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

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

Schedule of University Contributions – Florida Retirement System Pension Plan

	2022 (1)	2021 (1)	2020 (1)	2019 (1)
Contractually required FRS contribution	$ 1,608,778	$ 1,354,754	$ 1,163,758	$ 1,099,113
FRS contributions in relation to the contractually required contribution	(1,608,778)	(1,354,754)	(1,163,758)	(1,099,113)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 22,927,507	$ 22,305,842	$ 21,022,328	$ 20,086,194
FRS contributions as a percentage of covered payroll	7.02%	6.07%	5.54%	5.47%

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

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

2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
0.029416862%	0.028903737%	0.026926709%	0.025391772%	0.019864042%
$ 8,701,310	$ 7,298,216	$ 3,477,946	$ 1,549,271	$ 3,419,486
$ 16,540,148	$ 15,940,855	$ 15,302,021	$ 14,276,629	$ 13,288,324
52.61%	45.78%	22.73%	10.85%	25.73%
83.89%	84.88%	92.00%	96.09%	88.54%

2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 940,007	$ 765,793	$ 704,864	$ 656,496	$ 556,188
(940,007)	(765,793)	(704,864)	(656,496)	(556,188)
$ -	$ -	$ -	$ -	$ -
$ 17,432,167	$ 16,540,148	$ 15,940,855	$ 15,302,021	$ 14,276,629
5.39%	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

	2021 (1)	2020 (1)	2019 (1)	2018 (1)
University's proportion of the HIS net pension liability	0.028452038%	0.028351788%	0.029248158%	0.028157684%
University's proportionate share of the HIS net pension liability	$ 3,490,070	$ 3,461,707	$ 3,272,576	$ 2,980,241
University's covered payroll (2)	$ 9,980,315	$ 9,844,244	$ 9,786,732	$ 8,933,439
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	34.97%	35.16%	33.44%	33.36%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.56%	3.00%	2.63%	2.15%

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

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

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	2022 (1)	2021 (1)	2020 (1)	2019 (1)
Contractually required HIS contribution	$ 177,053	$ 167,241	$ 163,378	$ 162,412
HIS contributions in relation to the contractually required HIS contribution	(177,053)	(167,241)	(163,378)	(162,412)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 10,557,053	$ 9,980,315	$ 9,844,244	$ 9,786,732
HIS contributions as a percentage of covered payroll	1.68%	1.68%	1.66%	1.66%

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

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

	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
	0.027024071%	0.026488765%	0.024606111%	0.022834094%	0.020786550%
	$ 2,889,538	$ 3,087,156	$ 2,509,436	$ 2,135,044	$ 1,809,742
	$ 8,350,415	$ 7,904,077	$ 7,215,699	$ 6,641,607	$ 6,011,544
	34.60%	39.06%	34.78%	32.15%	30.10%
	1.64%	0.97%	0.50%	0.99%	1.78%

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
	$ 152,700	$ 143,019	$ 135,772	$ 94,060	$ 78,222
	(152,700)	(143,019)	(135,772)	(94,060)	(78,222)
	$ -	$ -	$ -	$ -	$ -
	$ 8,933,439	$ 8,350,415	$ 7,904,077	$ 7,215,699	$ 6,641,607
	1.71%	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 2.66 percent to 2.18 percent.

Other changes of assumptions since the prior valuation were updates to retirement, termination, disability and salary scale rates to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019, as well as the medical plan election percentages. Refer to Note 12. in the notes to financial statements for further detail.

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

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 20, 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.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
December 20, 2022