



ADVANCE

TOWARD A MORE PERFECT WORLD

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UNIVERSITY OF FLORIDA

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

MISSION

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

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

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

HISTORY

The University of Florida, the State's oldest university, traces its beginning of rich history to 1853, when the state-funded East Florida Seminary acquired the Kingsbury Academy in Ocala. After the end of the Civil War, the institution relocated to Gainesville, ultimately consolidated with the State's land grant Florida



Agricultural College and was renamed the University of Florida in 1906. At the time, the University was an all-male institution with only 102 students.

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

Today, the University is one of the largest in the nation, boasting an enrollment of more than 60,000 students. The campus consists of 2,000 acres and more than 1,000 buildings, including the first Leadership in Energy and Environmental Design (LEED) Platinum-certified building in the state of Florida. The University is comprised of 16 colleges, over 90 bachelor programs and over 200 masters, doctoral, and professional programs. The University's programs and facilities span more than 180 locations around the State and the globe.

FACULTY

The University faculty, which numbers over 6,600, has 36 funded Eminent Scholar Chair positions and 19 elections to the National Academies of Science, Engineering, and Medicine or to the American Academy of Arts and Sciences. Present and past faculty include Pulitzer Prize winners, a pioneer in aviation engineering, a leading scholar on econometrics, three winners of NASA's top award for research, one of the four charter members of the Solar Hall of Fame, and a winner of the Smithsonian Institution's award for conservation.

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

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

RESEARCH

The University of Florida is a world leader in research, contributing significantly to nearly every field of endeavor. Since 1985, the University of Florida has been a member of the Association of American Universities, which is comprised of 65 leading research universities in the United States and Canada. To date, the University of Florida is the only member university located in Florida.

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

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

STUDENTS

The University of Florida's freshman retention rate of 96 percent speaks to the outstanding quality of the University's entire academic experience. Fall 2021 figures indicate an enrollment of over 60,000 students, with almost 80 percent of whom are from Florida. Almost every state in the nation is represented in the University of Florida student body, and the University has a large international enrollment, more than 4,500 international students representing more than 150 countries.

Sixty-three percent of enrolled students are degree-seeking undergraduates, 34 percent are graduate students and seven percent are in a professional degree program, with the remaining three percent consisting of unclassified or non-degree seeking undergraduates.

University of Florida students also receive many opportunities to participate in extracurricular activities. There are over 900 student organizations on campus, and students attend more than 2,000 campus concerts, art exhibits, theatrical productions, guest lectures, sporting events, as well as other events each year.

The University of Florida ranks 5th (tied) among public colleges and universities in the U.S. News Best Colleges (2023), ranks 8th in Money Magazine Best Colleges for Your Money (2022), and ranks 11th in Princeton Review's Top 50 Best Colleges Public Schools (2022). Additionally, UF is the 6th ranked public university in Forbes Top Colleges (2022), ranks 11th in Wall Street Journal/Times Higher Education U.S. public ranking (2022), and ranks No. 3 in the Milken Institute's ranking of Best Universities for Technology Transfer (2017).

Introduction from the

SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

I AM PLEASED TO PRESENT the University of Florida's Annual Financial Report for the fiscal year ended on June 30, 2022. This fiscal year presented continued challenges but also significant opportunities to the University of Florida.

This is an exciting time for the University as we cement our position as one of the leading public universities. We are fortunate to be in one of the most dynamic states in the nation and we have unprecedented opportunities to provide Florida with the educated workforce necessary to meet the ambitions of our state and nation. As the land grant institution, we also have the responsibility to provide access to education and healthcare for our diverse population. The University continued to successfully adapt its operations to the present environment, which has provided a position of strength in order to capitalize on the many exciting possibilities available to us. We continue to make strategic investments in our students, faculty, staff and patients that have been critical to advancing our goals. We also have embarked on unprecedented capital investment not only in Gainesville, but in South Florida with the integration of the Herbert Wertheim UF Scripps Institute for Biomedical Innovation & Technology. These investments will provide us with the ability to have an even greater impact throughout the State.

Highlights from the year are included below:

- The University and many of its colleges and programs rank among the best in the nation – a tribute to our commitment to quality and the efforts of our faculty and students. The University of Florida rose to #5 in the 2022 U.S. News and World Report ranking of top national public Universities, thanks to the vision of our Board, the support of our State, and the hard work of everyone at UF.
- The University of Florida received a record number of applications for the 2021-2022 freshman cycle, with a total of 52,890 applications received. Within the admitted class, the middle 50 percent for GPA ranged between 4.4 and 4.6 and SAT scores ranged between 1330 and 1470. These numbers demonstrate the competitiveness of the university and the strong academic abilities of its admitted students.
- The most recent Graduation Success Rates (GSR) published this fall shows UF set its all-time high with 94 percent of Gators student-athletes completing their degrees in the latest cycle. The Gators' latest number is above NCAA Division I's overall GSR of 90 percent. Florida set its all-time high with nine teams posting a perfect 100 GSR in this report: men's basketball, men's & women's golf, gymnastics, lacrosse, softball, men's & women's tennis and volleyball.
- The University continued building Artificial Intelligence programs by combining state-of-the-art infrastructure, cutting-edge research, and a transformational approach to curriculum. UF is preparing the future workforce to embrace technology to solve pressing challenges across every industry.
- University of Florida faculty surpassed \$1 billion in total research expenditures for the first time in 2022, developing treatments for diseases, new agricultural products, engineering solutions and countless other advancements. UF joins an exclusive group of prestigious institutions across the country with this amount of impactful research, and we are committed to growing this effort further.
- The University of Florida ranks first among public universities and second nationwide in a new report



from Heartland Forward that evaluates which U.S. universities are best at moving new discoveries from the lab and into the real world through research commercialization and STEM graduates. The report evaluated American universities based on their success at infusing discoveries into private industry to yield an economic return.

- The University of Florida Foundation achieved record philanthropy, raising \$1 billion in fiscal year 2022, and total gifts well surpassing the campaign goal of \$3 billion as it concludes in fiscal year 2023.
- The University continues to build, renovate and beautify its campus. UF's construction portfolio increased to over \$2 billion, with two projects currently exceeding \$100 million. In addition, the Campus Master Plan anticipates over 2 million gross square feet (GSF) of new building construction and over 1 million GSF in renovations through 2030.
- UF Health system continued to grow in many parts of the state this year, and UF Health broke ground in the spring 2022 on a \$140 million expansion

of UF Health North in Jacksonville. The addition includes a six-story tower with 124 patient rooms and is a sign of our dedication to the health and well-being of people who work in the area. This is the project's third phase and the work is expected to be completed in 2024.

- The UF Veterinary Hospital at World Equestrian Center opened in Ocala in May. UF veterinarians offer world-class care and advanced diagnostics and treatment in the 40,000-square-foot hospital facility for dogs and cats and horses — both the thoroughbreds raised and trained locally and those equine guests who come to the WEC from around the globe.

The following report summarizes the financial activities at the University of Florida, including our component entities, direct-support organizations and affiliates.

Sincerely,

Christopher J. Cowen

Senior Vice President and Chief Financial Officer



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

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

We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

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 University's Proportionate Share of the Total Other Postemployment Benefits Liability**, **Schedule of University's Proportionate Share of the Net Pension Liability – Florida Retirement System (FRS) Defined Benefit Pension Plan**, **Schedule of University Contributions – Florida Retirement System (FRS) Defined Benefit Pension Plan**, **Schedule of University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy (HIS) Defined Benefit Pension Plan**, and **Schedule of University Contributions – Health Insurance Subsidy (HIS) Defined Benefit Pension Plan**, be presented to supplement the basic financial statements. Such information 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 Information

Management is responsible for the other information included in this report. The other information comprises the University Overview and the Introduction from the Senior Vice President and Chief Financial Officer, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Partial Comparative Information

We have previously audited the University of Florida's 2020-21 fiscal year financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 15, 2022. In our opinion, the partial restated comparative information presented as of and for the fiscal year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2023, on our consideration of the University of Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Florida's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA
Tallahassee, Florida
March 7, 2023
Audit Report No. 2023-140

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Florida (the University) for the fiscal year ended June 30, 2022, and should be read in conjunction with the financial statements and notes thereto.



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

The University of Florida's student population of over 60,000 makes it an integral part of Gainesville, a town of approximately 141,000 residents and the University's host city. The University of Florida has adopted a strategic development plan, based on an exploration of key issues within the university community and the City of Gainesville, which seeks to shape the University and the surrounding community's future over the next 40 to 50 years. This future is based on sustainable growth – with a 2,000-acre campus and more than 1,000 buildings, including the first Leadership in Energy and Environmental Design (LEED) Platinum-certified building in the state of Florida, the University has more LEED-certified buildings than any other public higher education institution.

As the University continues to benefit from its Faculty 500 and AI 100 hiring initiatives, the current student-faculty ratio is 17:1, compared to 21:1 six years ago. These new talents will enhance the University's ability in securing competitive research funding and provide graduate and undergraduate students an opportunity to work with these top scholars and researchers as part of their educational experience.

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

This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis*

– *for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, financial statements, and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2022, and June 30, 2021.

Financial Highlights

The University continues to maintain and protect its strong financial position, with assets of \$5.4 billion at June 30, 2022. This reflects a \$420.1 million, or 8.4%, increase from the 2020-21 fiscal year. During the fiscal year, the total investments increased \$174.4 million. The primary investment objective of the University is the safety of the University's principal and liquidity. Secondary to this responsible financial stewardship is the optimization of investment income. The University succeeded in both objectives during the fiscal year, maximizing the use of available funds in a prudent manner.

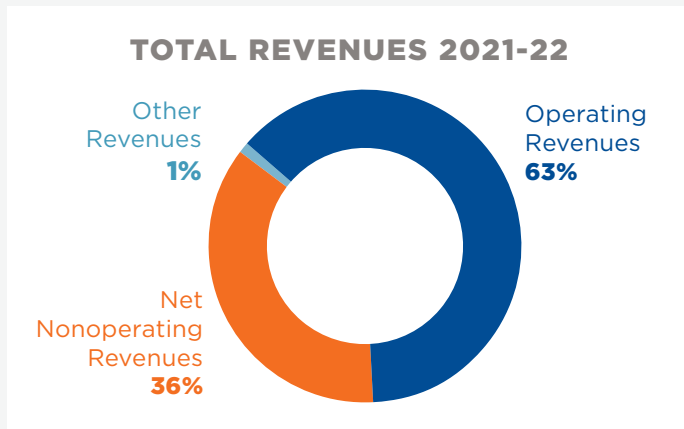
In addition, capital assets increased \$257.2 million, primarily due to capitalization of buildings and equipment, as the University continues to invest in updated facilities, including modern research laboratories, classrooms and advanced computers technology, in support of the University's strategic plan.

While total assets increased, liabilities decreased by \$502 million, or 17.2%, totaling \$2.4 billion at June 30, 2022, primarily due to the change in Net Pension Liability. The Net Pension Liability is determined by an actuarial valuation for the expected payments needed to fund projected plan benefits.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's net position increased by \$440 million including a special item of \$243.7 million related to the University of Florida Scripps Biomedical Research integration, resulting in a year-end balance of \$2.6 billion.

The University of Florida has a strong and diverse revenue base. Operating revenues, which are revenues generated by the University in fulfilling its instruction, research, and public service missions, totaled \$2.4 billion for the 2021-22 fiscal year, with a significant 12.2% increase over the 2020-21 fiscal year. Major components of operating revenues are Student Tuition and Fees and Grants and Contracts. Student Tuition and Fees, net of Scholarship Allowances, increased by \$30.1 million, or 6.7% as the University witnessed an increase in enrollment in in-state, out-of-state, and UF Online students.

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



Operating expenses totaled \$3.5 billion for the 2021-22 fiscal year, representing an increase of \$132.8 million or 3.9% compared to the 2020-21 fiscal year. Employee Compensation and Benefits expenses remained relatively stable, underlining the University's commitment toward recruiting and retaining exceptional faculty and staff. Whereas other discretionary expenses had more significant increases with increased enrollment and cost of services and supplies as the University returned to normal operations from the pandemic and incurred some inflationary pressures.

State Noncapital Appropriations, Net Investment Income, and Noncapital Grants, Contracts, and Gifts are all considered nonoperating revenues as they are not generated by the University's primary, ongoing operations. Net nonoperating revenues and expenses in the 2021-22 fiscal year decreased by \$43.1 million compared to the prior year, primarily from decreases in the Fair Value of Investments as the markets experienced volatility during the second half of the fiscal year.

Overview of Financial Statements

Pursuant to GASB Statement No. 35, the University's financial report includes three basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The financial statements and notes thereto encompass the University and its component units.

The Statement of Net Position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University by employing the accrual basis of accounting and presents the financial position of the University at a specified time. Net position, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, is one indicator of the University's

current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition.

The Statement of Revenues, Expenses, and Changes in Net Position represents the University's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. GASB Statement No. 35 categorizes revenues and expenses as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The majority of the University's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or the natural classifications. The University has chosen to report the expenses in their natural classification on the Statement of Revenues, Expenses, and Changes in Net Position and has displayed the functional classification in the Operating Expenses table and in the notes to the financial statements.

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

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

The Statement of Cash Flows provides information about the University's financial results by reporting the major sources and uses of Cash and Cash Equivalents. This statement assists in evaluating the University's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities reflect the net cash used by the operating activities of the University. Cash flows from capital and related financing activities include activities of the capital funds and related long-term debt. Cash flows from investing activities reflect the net source and use of cash related to the purchases and sales of investments and income earned on those investments. Cash flows from noncapital financing activities include those activities not covered in the other sections.

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

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

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

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

Statement of Net Position

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

Condensed Statement of Net Position (in millions)		
	2022	2021
Assets:		
Current Assets	\$ 2,277.0	\$ 2,131.9
Capital Assets, Net	2,421.6	2,164.4
Other Noncurrent Assets	715.5	697.7
Total Assets	5,414.1	4,994.0
Deferred Outflows of Resources	422.6	529.3
Total Assets and Deferred Outflows of Resources	5,836.7	5,523.3
Liabilities:		
Current Liabilities	530.7	482.6
Noncurrent Liabilities	1,887.8	2,437.9
Total Liabilities	2,418.5	2,920.5
Deferred Inflows of Resources	861.0	485.6
Total Liabilities and Deferred Inflows of Resources	3,279.5	3,406.1
Net Position:		
Net Investment in Capital Assets	2,222.5	2,015.1
Restricted	593.7	417.5
Unrestricted	(259.0)	(315.4)
Total Net Position	\$ 2,557.2	\$ 2,117.2

The increase in assets followed a rise in capital assets, depreciable and nondepreciable, of \$257.2 million. This was mainly driven by the integration of Scripps Florida and the completion of the Wertheim Laboratory for Engineering Excellence. The increase in capital assets demonstrates the continued importance the University places on providing modern facilities to enhance research and education. The increase in current assets is primarily the result of the Scripps Florida integration and the State funding received in support of the New World Reading Initiative.

The large decrease in noncurrent liabilities is primarily driven by the decrease in the Pension Liability with favorable differences between projected and actual investment earnings as of the July 1, 2021 valuation date. Conversely, the Deferred Inflows of Pension Resources increased, reflecting this change in liability. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, requires employers participating in benefit plans other than pensions to report the projected benefit liability in accordance with the standard. The benefit liability is largely driven by actuarial valuations and measurements based on claims cost, age-adjusted premiums, benefit terms and legal agreements existing at the measurement date. Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plans. The change in the Net Pension Liability is driven in part by the market performance for the plan assets as of the measurement date for the plan liabilities.

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

Statement of Revenues, Expenses, and Changes in Net Position

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

Condensed Statement of Revenues, Expenses, and Changes in Net Position (in millions)		
	2021-22	2020-21 as Restated
Operating Revenues	\$ 2,351.5	\$ 2,096.3
Operating Expenses	(3,544.9)	(3,412.1)
Operating Loss	(1,193.4)	(1,315.8)
Net Nonoperating Revenues	1,353.2	1,396.3
Income Before Other Revenues	159.8	80.5
Other Revenues and Special Item	280.2	138.3
Increase in Net Position	440.0	218.8
Net Position, Beginning of Year	2,117.2	1,898.4
Net Position, End of Year	\$ 2,557.2	\$ 2,117.2

The University continues to maintain a diverse revenue stream which serves to protect the University from over-reliance on a single revenue source. This diversification helped the University show resistance to revenue loss and maintain stability of operations during the COVID-19 pandemic and has placed the University in a balanced position moving forward.

Operating Revenues

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

Operating Revenues (in millions)		
	2021-22	2020-21 as Restated
Grants and Contracts	\$ 1,700.1	\$ 1,514.8
Student Tuition and Fees, Net of Scholarship Allowances	477.8	447.7
Sales and Services of Auxiliary Enterprises, Net of Scholarship Allowances	110.6	80.5
Sales and Services of Educational Departments	59.1	51.8
Other	3.9	1.5
Total Operating Revenues	\$ 2,351.5	\$ 2,096.3

Total operating revenues exhibited moderate growth to the prior year. Contracts and Grants revenues were up with additional research funding received from the large Federal agencies (Department of Health and Human Services, National Science Foundation, Department of Agriculture, and Department of Education), including \$33.1 million received from the Federal Department of Education for the New World Reading initiative. The increase in net student tuition and fees of \$30.1 million is primarily due to additional enrollment from out-of-state graduate students and in distance learning and professional degrees. Auxiliary Enterprises experienced a strong recovery from the pandemic with net revenues increasing \$30.1 million as operations returned to more normal levels.



Operating Expenses

The following table summarizes the operating expenses for each method of classification for the 2021-22 and 2020-21 fiscal years:

Operating Expenses (in millions)		
Natural Classifications	2021-22	2020-21 as Restated
Employee Compensation and Benefits	\$ 2,476.4	\$ 2,501.5
Services and Supplies	564.1	475.9
Scholarships, Fellowships and Waivers*	255.7	219.2
Depreciation	183.7	159.4
Utilities and Communications	65.0	56.1
Total Operating Expenses	\$ 3,544.9	\$ 3,412.1
Functional Classifications	2021-22	2020-21 as Restated
Public Service	\$ 860.3	\$ 821.1
Instruction	770.6	778.2
Research	763.8	730.3
Scholarships, Fellowships and Waivers *	255.7	219.2
Academic Support	233.4	237.5
Depreciation	183.7	159.4
Institutional Support	173.3	170.0
Operation and Maintenance of Plant	132.7	137.2
Auxiliary Enterprises	120.9	108.5
Student Services	50.5	50.7
Total Operating Expenses	\$ 3,544.9	\$ 3,412.1

* Net of Scholarship Allowances of \$257.0 million in the 2021-22 fiscal year and \$241.6 million (as restated) in the 2020-21 fiscal year

Operating expenses slightly increased primarily due to an increase in Services and Supplies, which was driven by an increase in travel expenses as restrictions were lifted after the COVID-19 pandemic. Comparing expenses under the functional classification, Public Service remained the University's top expenditure classification, as UF Health continues to expand.

Nonoperating Revenues and Expenses

The following table summarizes the University's nonoperating revenues and expenses for the 2021-22 and 2020-21 fiscal years:

Nonoperating Revenues (Expenses) (in millions)		
	2021-22	2020-21
State Noncapital Appropriations	\$ 942.5	\$ 841.5
Federal and State Student Financial Aid	232.3	242.8
Noncapital Grants, Contracts, and Gifts	206.4	176.2
Investment Income, Net of Expenses	6.0	19.3
Net Increase in Fair Value of Investments	(95.8)	83.0
Other Nonoperating Revenues	82.1	48.3
Interest on Capital Asset-Related Debt	(11.1)	(5.9)
Other Nonoperating Expenses	(9.2)	(8.9)
Net Nonoperating Revenues	\$ 1,353.2	\$ 1,396.3

Net Nonoperating Revenues decreased when compared to the prior year. The Net Increase in the Fair Value of Investments decreased by \$178.8 million due to decreased market performance during the second half of the fiscal year. This was offset by a marked increase of \$101 million in State Noncapital Appropriations, primarily due to the one time \$75 million funding for the New World Reading Initiative.

Other Revenues

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

Other Revenues, Expenses, and Special Item (in millions)		
	2021-22	2020-21
Capital State Appropriations	\$ 24.3	\$ 53.6
Capital Grants, Contracts, and Donations	12.2	84.7
Special Item	243.7	-
Total Other Revenues, Expenses, and Special Item	\$ 280.2	\$ 138.3

Other Revenues increased \$141.9 million primarily driven by the recognition of \$243.7 million Special Item related to the transfer of assets from Scripps Florida. Conversely, Capital Grants, Contracts, and Donations were significantly lower due to some nonrecurring large initiatives funded in the prior year including the donation of an AI Supercomputer and capital donations for the construction of the Data Science and Information Technology Building.

Statement of Cash Flows

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

Condensed Statement of Cash Flows (in millions)		
	2021-22	2020-21 (as restated)
Cash Provided (Used) by:		
Operating Activities	\$ (1,084.3)	\$ (1,032.3)
Noncapital Financing Activities	1,576.6	1,324.8
Capital and Related Financing Activities	(233.8)	89.7
Investing Activities	(270.3)	(373.6)
Net Increase (Decrease) in Cash and Cash Equivalents	(11.8)	8.6
Cash and Cash Equivalents, Beginning of Year	15.5	6.9
Cash and Cash Equivalents, End of Year	\$ 3.7	\$ 15.5

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

are considered non-operating under GASB standards and are reflected as such in the University's Statement of Cash Flows.

Major sources of funds for the University came from Grants and Contracts (\$1,681.8 million), State Noncapital Appropriations (\$942.5 million), Student Tuition and Fees, Net (\$482.3 million), Federal and State Financial Aid (\$232.3 million), and Noncapital Grants, Contracts, and Gifts (\$206.4 million). Major uses of funds were for Payments to Employees (\$2,527.6 million), Payments to Suppliers for Goods and Services (\$644.4 million), and the Purchase or Construction of Capital Assets (\$269.2 million) and payments to students for Scholarships and Fellowships (\$255.7 million).

Capital Assets, Capital Expenses and Commitments, and Debt Administration

CAPITAL ASSETS

At June 30, 2022, the University had approximately \$5.3 billion in capital assets, less accumulated depreciation of \$2.9 billion, for net capital assets of \$2.4 billion. Depreciation charges for the current fiscal year totaled \$183.8 million. Total Capital Assets increased in the 2021-22 fiscal year as construction continued on major projects. This increase reflects the University's dedication to an infrastructure and learning environment that supports its mission and strategic plan. In addition, the integration of Scripps Florida added \$156.5 million in capital assets, which includes state-of-the-art research facilities. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Total Capital Assets, Net (in millions)		
	2022	2021
Land	\$ 36.2	\$ 12.5
Buildings	1,710.6	1,607.9
Infrastructure and Other Improvements	65.0	52.4
Furniture and Equipment	276.6	275.5
Library Resources	43.5	46.4
Property Under Lease and Leasehold Improvements	24.9	12.5
Other Capital Assets	20.1	27.5
Construction in Progress	244.7	129.7
Total Capital Assets (Nondepreciable and Depreciable, Net)	\$ 2,421.6	\$ 2,164.4

Additional information about the University's capital assets is presented in Note 9 to the financial statements.

CAPITAL EXPENSES AND COMMITMENTS

Major capital expenses were incurred during the fiscal year on the University's largest projects, including the new Data Science and Information Technology building (\$47.1

million), Honors Residential College (\$42.4 million), and Student Health Care Center (\$13.1 million), which are expected to transform the associated learning and research environments and support the continued growth and health of the campus community.

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

Major Construction Commitments (in millions)		
Total Commitments	\$	782.8
Completed to Date		244.7
Balance Committed	\$	538.1

Additional information about the University's construction commitments is presented in Note 15 to the financial statements.

DEBT ADMINISTRATION

The University is mindful of its financial stewardship and manages resources effectively, including the prudent use of debt to finance capital projects. At June 30, 2022, the University had \$387.8 million in outstanding capital asset-related debt. Capital asset-related debt primarily consist of bonds issued to fund major construction projects such as student housing, research buildings, student activity centers, and parking garages. The University implemented GASB Statement No. 87, *Leases*, resulting in a moderate increase in capital asset-related debt. The following table summarizes the outstanding capital asset-related debt by type of debt at June 30:

Capital Asset-Related Debt (in millions)			
		2022	2021
Capital Improvement Debt	\$	368.2	\$ 380.1
Loans and Notes		3.5	3.9
Installment Purchase Agreements		3.2	2.1
Leases		12.9	1.8
Total Capital Asset-Related Debt	\$	387.8	\$ 387.9

Additional information about the University's capital asset-related debt is presented in Note 13 to the financial statements.

Economic Factors That Will Affect the Future

The University's economic condition is closely tied to that of the state of Florida. The Florida Economic Estimating Conference met on July 22, 2022, to adopt a new forecast for the State's economy. Most economic variables performed slightly better or as well as expected in fiscal year 2021-22; however, many of the growth rates for the short term have been lowered. A weaker national economic outlook with strong headwinds from inflation, near-record energy prices, and labor shortages color the new forecast; however, the long-term growth path from the pre-pandemic conference held in December 2019 is generally maintained, and in some cases

exceeded. The Conference anticipates that the State's economy will expand 1 percent this fiscal year as economic imbalances weigh down the economy, but beginning in fiscal year 2023-24, it will grow at a more characteristic 2 percent per year.

The University continues to hold strong credit ratings, with Standard and Poor's Global Ratings providing, in August 2022, a rating of AA+ on the student activity fee bonds and an AA- on the parking facility and dormitory revenue bonds. These strong ratings not only reflect the University's financial strength and reputation as a leading provider of higher education, but also enable the University to obtain competitive debt financing to support its mission and realize its strategic plan.

The University benefits from continued strong support from the State in fiscal year 2022-23. The State Appropriations for General Revenue and Lottery allocations totaled \$926.1 million for the coming fiscal year. This includes \$49.1 million in new funding for operation enhancement support, \$17.5 million non-recurring special legislative allocation for various supports, \$2.3 million additional performance funding, \$3.6 million IFAS Workload, \$3.6 million for Nursing Education-PIPELINE. The total funding level for both recurring and the non-recurring allocations remain flat compared to last year. Included in the overall allocation is \$52.5 million in performance funds and \$58.5 million in funding to support preeminence. Furthermore, the budget includes \$16.8 million in funding for the World Class Faculty & Scholar Program and \$16.7 million in funding for the State University Professional and Graduate Degree Excellence Program. The fiscal year 2022-23 budget clearly reflects the sustained commitment of the Legislature and the Governor to support the University of Florida as a top five public research university that the State, nation, and world look to for leadership.



Requests for Information

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

STATEMENT OF NET POSITION

As of June 30, 2022 (amounts expressed in thousands)

	University of Florida		Component Units		
	2022	2021	Direct-Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
ASSETS					
Current Assets:					
Cash and Cash Equivalents (Note 1)	\$ 290	\$ 11,447	\$ 72,846	\$ 91,319	\$ 236,849
Investments (Note 5)	1,954,552	1,805,751	119,141	65,329	640,226
Accounts Receivable, Net (Note 6)	139,903	123,216	223,726	167,509	490,870
Loans and Notes Receivable, Net (Note 6)	1,881	2,031	-	-	-
Due From State (Note 7)	90,064	106,014	-	-	27,919
Due From Component Units/University (Note 8)	80,187	71,916	292,792	39,390	118,102
Inventories	5,227	4,911	222	-	81,592
Other Current Assets	4,883	6,632	9,673	2,222	77,542
Total Current Assets	2,276,987	2,131,918	718,400	365,769	1,673,100
Noncurrent Assets:					
Restricted Cash and Cash Equivalents (Note 1)	3,453	4,052	-	-	-
Restricted Investments (Note 5)	437,309	496,119	2,397,828	2,230	1,089,504
Other Noncurrent Investments (Note 5)	255,866	171,505	-	-	-
Loans and Notes Receivable, Net (Note 6)	16,783	20,361	1,793	-	-
Depreciable Capital Assets, Net (Note 9)	2,135,804	2,017,474	243,693	261,402	1,481,745
Nondepreciable Capital Assets (Note 9)	285,811	146,897	176,760	10,085	272,131
Other Noncurrent Assets	2,073	5,625	18,951	12,454	314,015
Total Noncurrent Assets	3,137,099	2,862,033	2,839,025	286,171	3,157,395
TOTAL ASSETS	5,414,086	4,993,951	3,557,425	651,940	4,830,495
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Pension Resources (Note 11)	226,897	305,935	-	-	93,293
Deferred Outflows of Other Postemployment Benefits Payable (Note 11)	186,712	214,847	-	-	579
Other Deferred Outflows (Note 11)	8,975	8,543	-	-	47,193
TOTAL DEFERRED OUTFLOWS OF RESOURCES	422,584	529,325	-	-	141,065
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,836,670	\$ 5,523,276	\$ 3,557,425	\$ 651,940	\$ 4,971,560
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 71,670	\$ 89,711	\$ 47,994	\$ 30,628	\$ 262,459
Salaries and Wages Payable	79,814	68,838	-	20,913	131,596
Due To Component Units/University (Note 8)	263,624	231,167	188,308	20,070	101,355
Unearned Revenue (Note 12)	60,645	46,690	63,994	9,370	196,492
Deposits Held in Custody	5,775	4,082	4	154	-
Other Current Liabilities	1,338	-	6,983	124	827
Long-Term Liabilities - Current Portion: (Note 13)					
Capital Improvement Debt Payable	10,655	10,178	-	-	-
Bonds Payable	-	-	7,365	4,636	19,565
Loans and Notes Payable	448	438	920	5,098	-
Installment Purchase Agreements Payable	822	555	-	-	-
Leases Payable	3,028	212	196	13,365	13,493
Compensated Absences Payable	12,655	11,294	675	-	-
Other Postemployment Benefits Payable	19,122	17,345	-	-	-
Net Pension Liability (Note 14)	1,097	2,102	-	-	-
Liability for Self-Insured Claims	-	-	39,119	-	6,215
Total Current Liabilities	530,693	482,612	355,558	104,358	732,002

STATEMENT OF NET POSITION

As of June 30, 2022 (amounts expressed in thousands)

	University of Florida		Component Units		
	2022	2021	Direct-Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
Noncurrent Liabilities: (Note 13)					
Capital Improvement Debt Payable	\$ 357,524	\$ 369,922	\$ -	\$ -	\$ -
Bonds Payable	-	-	150,120	96,207	1,501,411
Loans and Notes Payable	3,006	3,453	468	-	-
Installment Purchase Agreements Payable	2,423	1,604	-	-	-
Leases Payable	9,878	1,568	66	135,689	95,151
Compensated Absences Payable	122,545	120,719	2,544	-	-
Other Postemployment Benefits Payable	1,073,781	1,051,663	-	-	3,894
Net Pension Liability (Note 14)	308,410	879,230	-	-	-
Liability for Self-Insured Claims	-	-	-	-	32,630
Other Noncurrent Liabilities	10,203	9,782	44,267	-	34,799
Total Noncurrent Liabilities	1,887,770	2,437,941	197,465	231,896	1,667,885
TOTAL LIABILITIES	2,418,463	2,920,553	553,023	336,254	2,399,887
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Pension Resources (Note 11)	441,963	15,712	42	-	164,218
Deferred Inflows of Other Postemployment Benefits Payable (Note 11)	419,019	469,874	-	-	1,959
Other Deferred Inflows (Note 11)	-	-	25,013	12,525	51,008
TOTAL DEFERRED INFLOWS OF RESOURCES	860,982	485,586	25,055	12,525	217,185
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,279,445	3,406,139	578,078	348,779	2,617,072
NET POSITION					
Net Investment in Capital Assets	2,222,526	2,015,066	256,558	16,494	371,835
Restricted:					
Nonexpendable:					
Endowment	-	-	1,535,474	-	215
Expendable:					
Endowment	-	-	959,050	-	6,930
Loans	38,910	42,057	-	-	-
Capital Projects	273,433	305,734	-	-	-
Debt Service	7,228	6,849	-	-	-
Other	274,166	62,840	11,815	-	199,953
Unrestricted (Note 4)	(259,038)	(315,409)	216,450	286,667	1,775,555
TOTAL NET POSITION	2,557,225	2,117,137	2,979,347	303,161	2,354,488
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 5,836,670	\$ 5,523,276	\$ 3,557,425	\$ 651,940	\$ 4,971,560

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

for the Fiscal Year Ended June 30, 2022 (amounts expressed in thousands)

	University of Florida		Component Units		
	2021-22	As restated 2020-21	Direct- Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
OPERATING REVENUES					
Student Tuition and Fees, Net of Scholarship Allowances (Note 19)	\$ 477,795	\$ 447,713	\$ -	\$ -	\$ -
Federal Grants and Contracts	572,127	508,376	-	-	-
State and Local Grants and Contracts	56,353	51,053	-	-	-
Nongovernmental Grants and Contracts	1,071,581	955,354	-	-	-
Sales and Services of Auxiliary Enterprises, Net of Scholarship Allowances (Note 19)	110,633	80,534	-	-	-
Sales and Services of Educational Departments	59,137	51,813	-	-	-
Sales and Services of Component Units	-	-	234,804	-	8,506
Hospital Revenues	-	-	-	1,168,059	3,432,450
Gifts and Donations - Component Units	-	-	223,596	-	-
Royalties and Licensing Fees - Component Units	-	-	51,470	-	-
Other Operating Revenues	3,909	1,445	7,234	192,072	90,564
Total Operating Revenues	2,351,535	2,096,288	517,104	1,360,131	3,531,520
OPERATING EXPENSES					
Employee Compensation and Benefits	2,476,415	2,501,566	69,755	121,923	1,477,981
Services and Supplies	564,094	475,944	394,939	351,875	1,716,887
Utilities and Communications	64,981	56,059	-	-	-
Scholarships, Fellowships, and Waivers, Net	255,712	219,145	-	-	-
Depreciation	183,763	159,379	14,120	18,230	163,260
Self-Insured Claims and Expenses	-	-	-	-	3,827
Total Operating Expenses (Note 20)	3,544,965	3,412,093	478,814	492,028	3,361,955
Operating Income (Loss)	(1,193,430)	(1,315,805)	38,290	868,103	169,565
NONOPERATING REVENUES (EXPENSES)					
State Noncapital Appropriations	942,489	841,469	8,000	-	7,050
Federal and State Student Financial Aid	232,250	242,831	-	-	-
Noncapital Grants, Contracts, and Gifts	206,429	176,150	-	-	-
Investment Income, Net of Expenses	6,047	19,341	(53,268)	(3,315)	(196,518)
Net Increase (Decrease) in the Fair Value of Investments	(95,788)	83,030	(585)	8,183	(8,171)
Other Nonoperating Revenues	82,089	48,258	24,408	16,491	51,804
Interest on Capital Asset-Related Debt	(11,147)	(5,900)	(3,720)	(3,296)	(42,388)
Other Nonoperating Expenses	(9,155)	(8,847)	(63,671)	(874,415)	(12,452)
Net Nonoperating Revenues (Expenses)	1,353,214	1,396,332	(88,836)	(856,352)	(200,675)
Income (Loss) Before Other Revenues	159,784	80,527	(50,546)	11,751	(31,110)
State Capital Appropriations	24,345	53,578	-	-	-
Capital Grants, Contracts, and Donations	12,290	84,679	-	-	-
Additions to Permanent Endowments	-	-	53,718	-	-
Total Other Revenues	36,635	138,257	53,718	-	-
Increase (Decrease) in Net Position before Special Item	196,419	218,784	3,172	11,751	(31,110)
Special Item - Transfer of Operations (Note 21)	243,669	-	-	-	-
Increase (Decrease) in Net Position	440,088	218,784	3,172	11,751	(31,110)
Net Position, Beginning of Year	2,117,137	1,898,353	2,976,124	292,271	2,385,598
Adjustment to Beginning Net Position (Note 3)	-	-	51	(861)	-
Adjusted Net Position, Beginning of Year, as Restated	2,117,137	1,898,353	2,976,175	291,410	2,385,598
Net Position, End of Year	\$ 2,557,225	\$ 2,117,137	\$ 2,979,347	\$ 303,161	\$ 2,354,488

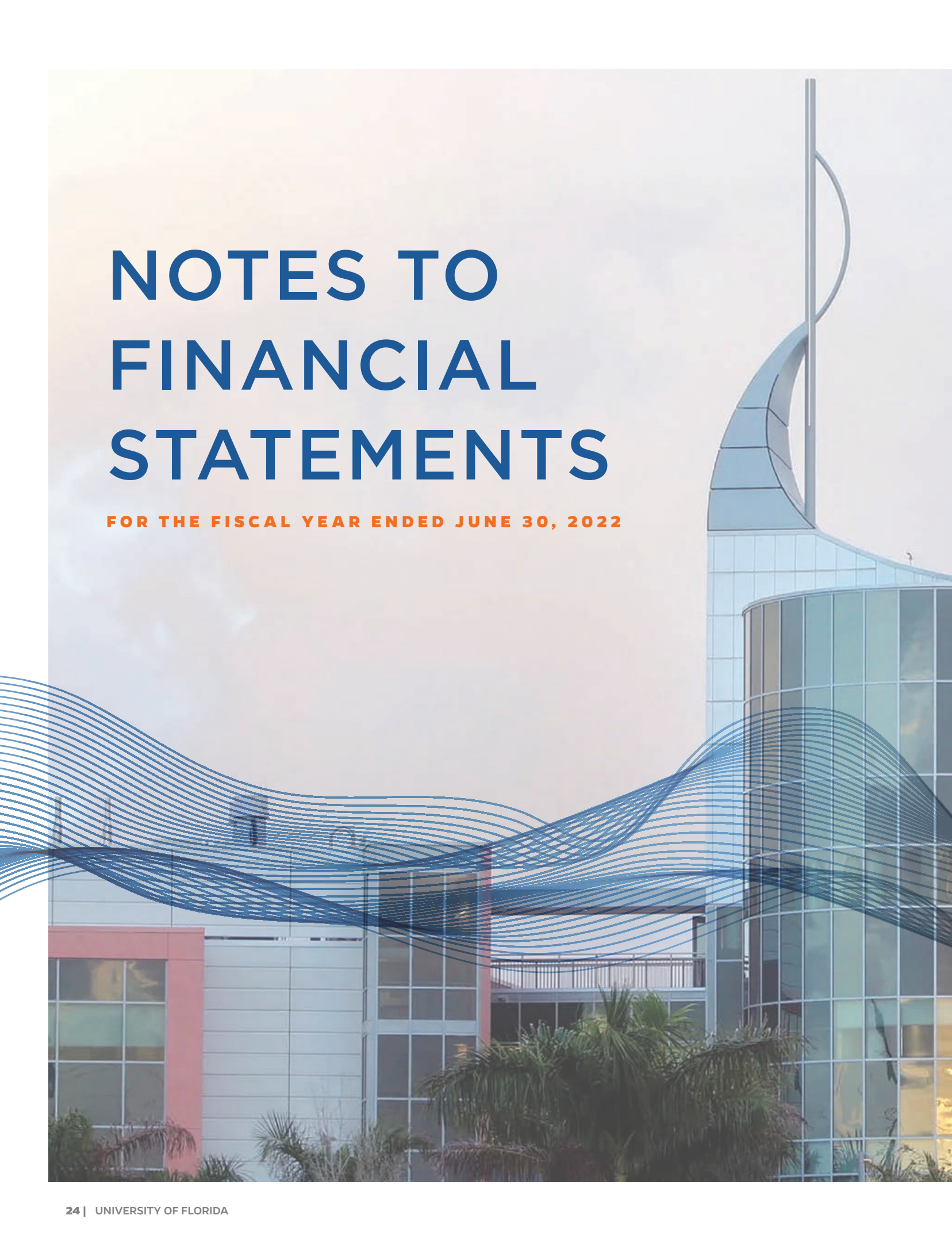
The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the Fiscal Year Ended June 30, 2022 (amounts expressed in thousands)

	University of Florida	
	2021-22	2020-21 as restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees, Net	\$ 482,312	\$ 441,496
Grants and Contracts	1,681,843	1,505,518
Sales and Services of Auxiliary Enterprises	110,816	82,671
Sales and Services of Educational Departments	60,341	55,220
Repayment of Loans and Notes Receivable from Students	8,832	8,726
Other Operating Receipts (Disbursements)	4,340	(2,190)
Payments to Employees	(2,527,612)	(2,371,932)
Payments to Suppliers for Goods and Services	(644,375)	(527,444)
Payments to Students for Scholarships and Fellowships	(255,712)	(219,146)
Loans Issued to Students	(5,104)	(5,256)
Net Cash Used by Operating Activities	(1,084,319)	(1,032,337)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Noncapital Appropriations	942,489	841,469
Federal and State Financial Aid	232,250	242,831
Noncapital Grants, Contracts, and Gifts	206,428	176,150
Direct Loan Program Receipts	224,104	221,959
Direct Loan Program Disbursements	(224,056)	(221,976)
Net Change in Funds Held for Others	35,491	28,509
Other Nonoperating Receipts	166,770	47,709
Other Nonoperating Disbursements	(6,806)	(11,808)
Net Cash Provided by Noncapital Financing Activities	1,576,670	1,324,843
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Capital Debt	-	239,532
State Capital Appropriations	40,295	45,412
Capital Grants, Contracts, and Donations	11,754	28,316
Proceeds from Sales of Capital Assets	809	746
Other Receipts for Capital Projects	2,515	555
Purchase or Construction of Capital Assets	(269,232)	(207,772)
Principal Paid on Capital Debt and Leases	(14,337)	(11,400)
Interest Paid on Capital Debt and Leases	(5,631)	(5,662)
Net Cash Provided (Used) by Capital and Related Financing Activities	(233,827)	89,727
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	2,479,862	1,999,274
Purchase of Investments	(2,756,050)	(2,393,707)
Investment Income	5,908	20,848
Net Cash Provided (Used) by Investing Activities	(270,280)	(373,585)
Net Increase (Decrease) in Cash and Cash Equivalents	(11,756)	8,648
Cash and Cash Equivalents, Beginning of Year	15,499	6,851
Cash and Cash Equivalents, End of Year	\$ 3,743	\$ 15,499
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (1,193,430)	\$ (1,315,805)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	184,085	159,689
Change in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:		
Receivables, Net	(11,188)	(3,322)
Due From Component Units	(8,271)	(15,610)
Inventories	(316)	(66)
Other Assets	5,371	(10,097)
Accounts Payable	(20,677)	14,490
Salaries and Wages Payable	10,976	6,740
Unearned Revenue	13,955	6,409
Deposits Held in Custody	(2,650)	2,341
Other Postemployment Benefits Payable	23,895	(169,993)
Compensated Absences Payable	3,187	(5,357)
Net Pension Liability	(571,825)	156,453
Deferred Outflows – Pension and OPEB	107,173	(70,373)
Deferred Inflows – Pension and OPEB	375,396	212,164
NET CASH USED BY OPERATING ACTIVITIES	\$ (1,084,319)	\$ (1,032,337)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES: The following are recognized on the Statement of Net Position or the Statement of Revenues, Expenses, and Changes in Net Position, but are not cash transactions for the Statement of Cash Flows:		
Unrealized gain (loss) on investment	\$ (95,788)	\$ 83,030
Donation of capital assets	-	56,363
Gain on bond refunding	-	738
Loss on disposal of capital assets	(2,620)	(645)

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

The background of the page is a photograph of a modern university building with large glass windows and a curved architectural element. Overlaid on the image are several thin, wavy blue lines that create a sense of motion and design. The text is positioned in the upper left quadrant of the image.

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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1. Summary of Significant Accounting Policies

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

A. REPORTING ENTITY

The University of Florida is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of thirteen members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees.

The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Florida Board of Governors' Regulations. The Trustees select the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

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

B. DISCRETELY PRESENTED COMPONENT UNITS

Based on the application of the criteria for determining component units, certain affiliated organizations are required to be included within the University reporting entity as discretely presented component units because of the significance of their relationship with the University. These organizations are legally separate from the University and are governed by separate boards. The University

further categorizes its component units as Direct-Support Organizations, Health Science Center Affiliates, and Shands Hospital and Others. An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual reports are submitted to the Auditor General and the University Board of Trustees. Additional information is presented in Note 22.

However, financial activities of certain component units are not included in the University's financial statements and are denoted below with an asterisk (*). The total assets and operating revenues related to these component units are \$42 million and \$17 million, respectively. These amounts represent less than one percent of the total aggregate component units' assets and operating revenues.

C. DIRECT-SUPPORT ORGANIZATIONS

The University's direct-support organizations, as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011, are considered component units of the University of Florida and, therefore, the latest audited financial statements of these organizations are discretely presented in the financial statements of the University. These legally separate, not-for-profit corporations are organized and operated exclusively to assist the University in achieving excellence by providing supplemental resources from private gifts and bequests and valuable education support services. Florida Statutes authorize these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

■ **University of Florida Foundation, Inc.**, solicits, collects, manages, and directs contributions to the various academic departments and programs of the University and assists the University in fund raising, public relations, and maintenance of alumni records. Their financial statements include the activities of the University of Florida Alumni Association, Inc.

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

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

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

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

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

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

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

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

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

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

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

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

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

In June 2022, the Trustees decertified Southwest Florida Research and Education Foundation, Inc. direct-support organization.

D. HEALTH SCIENCE CENTER AFFILIATES

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

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

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

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

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

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

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

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

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

E. SHANDS HOSPITAL AND OTHERS

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

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

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

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

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

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

F. BASIS OF PRESENTATION

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

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

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

The Statement of Revenues, Expenses, and Changes in Net Position is presented by major sources and is reported net of tuition scholarships, discounts, and allowances. Tuition scholarships, discounts, and allowances are the differences between the stated charge for goods and services provided by the University and the amount that is actually paid by a student or a third-party making payments on behalf of the student. The University applied the "Direct Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarships, discounts, and allowances.

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

H. CASH AND CASH EQUIVALENTS

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

I. INVESTMENTS AND FAIR VALUE MEASUREMENT

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

J. CAPITAL ASSETS

University capital assets consist of land, construction in progress, works of art and historical treasures, buildings, infrastructure and other improvements, furniture and equipment, library resources, property under lease and leasehold improvements, computer software, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value on the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$4 million for intangible assets, which includes computer software, \$5,000 for tangible personal property, and \$250 for library resources. The costs of all new buildings and projects adding new square footage are capitalized. Infrastructure and leasehold improvements have a \$250,000 capitalization threshold. For building renovations, the threshold is \$250,000, or the entire amount if the costs are at least 25% of the cost basis of the building. Depreciation is computed on the straight-line basis over the following estimated useful lives:

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

K. LEASES

Leases consist of contracts that convey control of the right use an underlying asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The university recognizes either a lease receivable and deferred inflow of resources when it is the lessor party to a contract, or an intangible right-to-use lease asset and lease liability when it is the lessee party to a contract. The expected receipts or payments are discounted using the interest rate stated in the contract, if available, or are otherwise discounted using an estimated incremental borrowing rate. The university

applies a materiality threshold of \$5,000 for equipment and \$100,000 for space based on the annualized value of each lease. The university calculated the lease liability as the present value of payments expected to be made during the lease term (less any lease incentives) and the lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term. Lease amounts are amortized over the contract term.

L. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of capital improvement debt payable, loans and notes payable, installment purchase agreements payable, leases payable, compensated absences payable, other postemployment benefits payable, net pension liabilities, and other noncurrent liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt payable is reported net of unamortized premiums or discounts and losses on refunding. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method. Losses on refunding are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method.

M. PENSIONS

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

2. Reporting Changes

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. As a result of implementation, the University reclassified capital assets previously reported as property under capital lease to either buildings or equipment, and reclassified long-term debt previously reported as capital leases payable to other current and noncurrent liabilities as financed purchases. These changes are reflected in Note 9 Capital Assets and Note 13 Long-Term Liabilities. There was no effect to beginning net position for the University.

The University made a change in accounting estimate related to scholarship discounts and allowances. As prescribed in the NACUBO Advisory Report 2000-05, the university elected to use the “Direct Method” rather than the “Alternate Method” used in the prior fiscal years, for determining the net scholarship discounts and allowances. The Direct Method is a case-by-case methodology used to specifically identify and apply financial aid and institutional resources to student accounts receivable. In contrast, the Alternate Method is an allocation methodology used to prorate financial aid and institutional resources to student accounts receivable using a ratio of total aid to aid not considered third-party aid. The fiscal year 2020-21 Statement of Revenues, Expenses, and Changes in Net Position has been restated using the Direct Method resulting in a decrease to scholarship discounts and allowances of \$15.0 million.

The University also revised its methodology to eliminate interdepartmental sales between auxiliary service departments and other institutional departments. In prior years, the elimination of expenses was allocated between Employee Compensation and Benefit, Services and Supplies, and Utilities and Communications. The new methodology only assigns the elimination of expenses between Services and Supplies and Utilities and Communications. The fiscal year 2020-21 Statement of Revenues, Expenses, and Changes in Net Position has been restated following this new method.

3. Adjustments to Beginning Net Position

The University and its applicable component units implemented GASB Statement No. 87, *Leases*. This statement 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. As a result of this the implementation of this guidance the Florida Clinical Practice Association, Inc. and the University Athletic Association, Inc. reported adjustments to beginning net position.



Table 1 summarizes adjustment to the beginning net position of the applicable component units:

Table 1. Adjustments to Beginning Net Position			
Description	Direct-Support Organizations		Health Science Center Affiliates
Florida Clinical Practice Association, Inc. (GASB 87)	\$	-	\$ (861,465)
University Athletic Association, Inc. (GASB 87)		50,951	-
Total Adjustments to Beginning Net Position	\$	50,951	\$ (861,465)

4. Deficit Net Position in Individual Funds

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

Table 2. Deficit Net Position in Individual Funds	
Description	Net Position
Unrestricted	\$ (259,038,431)
Total	\$ (259,038,431)

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 University's Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees, as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted. Investments of the University and its component units at June 30, 2022, are reported at fair value and shown in Tables 3 through 6.

Table 3. University Investments				
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level	Total			
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 1,277,716,670	\$ -	\$ -	\$ 1,277,716,670
State Board of Administration Debt Service Accounts	14,336,086	14,336,086	-	-
Total Investments by Fair Value Level	1,292,052,756	\$ 14,336,086	\$ -	\$ 1,277,716,670
Investments Measured at the Net Asset Value (NAV)				
Private Equity Funds	1,355,674,459			
Total University Investments	\$ 2,647,727,215			

Table 4. University Investments Measured at the NAV				
Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private Equity Funds	\$ 1,355,674,459	\$ -	N/A	N/A

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

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

Table 5. Component Unit Investments

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pools:				
State Treasury Special Purpose Investment Account	\$ 289,669,597	\$ -	\$ -	\$ 289,669,597
Commercial Paper	2,128,953	-	2,128,953	-
U.S. Guaranteed Obligations	325,637	-	325,637	-
Federal Agencies	3,036,269	2,472,210	564,059	-
Domestic Bonds and Notes	38,816,676	29,647,000	9,169,676	-
International Bonds and Notes	20,000	-	20,000	-
Domestic Stock	5,464,412	5,396,226	68,186	-
International stock	354,000	354,000	-	-
Other Investments Not Measured at NAV	1,242,661	-	1,145,377	97,284
Bond Mutual Funds	195,253,421	141,053,574	54,199,847	-
Equity Mutual Funds	147,836,699	87,917,115	55,232,311	4,687,273
Other Investments	49,427,440	31,392,793	15,742,632	2,292,015
Real Estate Investments Not Measured at NAV	32,000	32,000	-	-
Total Investments by Fair Value Level	733,607,765	\$ 298,264,918	\$ 138,596,678	\$ 296,746,169
Investments Measured at the Net Asset Value (NAV)				
International Equity	161,275			
Real Estate Investments (Directly Owned)	5,486,886			
Hedge Funds	6,479,377			
Private Equity Funds	3,320,562,100			
Total Investments Measured at the NAV	3,332,689,638			
Total Investments Measured at Fair Value	4,066,297,403			
Other				
Money Market Funds	238,817,357			
Cash Surrender Value of Life Insurance Policy	517,126			
Certificates of Deposits	91,000			
Other Investments	8,535,618			
Total Other Investments	247,961,101			
Total Component Unit Investments	\$ 4,314,258,504			

Table 6. Component Unit Investments Measured at the NAV

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
International Equity	\$ 161,275	\$ -	Illiquid	N/A
Real Estate Investments	5,486,886	-	Illiquid	N/A
Hedge Funds	6,479,377	-	Quarterly	45 Days
Private Equity Funds	3,320,562,100	382,163,033	Monthly	30 Days
Total Investments Measured at the NAV	\$ 3,332,689,638	\$ 382,163,033		

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

- **International Equity** – This category includes an investment in a foreign-based publicly-traded company focused on providing law enforcement with new tools and technology.
- **Real Estate Investments** – This category includes an investment in the form of real estate with donor restrictions. The real estate is held at fair value less estimated costs to sell.
- **Hedge Funds** – This category includes an investment in a hedge fund in which the fund manager is authorized to invest in a broad spectrum of securities that include, but are not limited to, the following: equity and debt securities, currency, commodities, foreign debt, options, futures, and swaps.
- **Private Equity Funds** – This category includes investments in several limited partnership funds that invest in equity securities and debt of private companies.

A. EXTERNAL INVESTMENT POOLS

The University and its discretely presented component units (see Note 1) reported investments at fair value totaling \$1,277,716,670 and \$289,669,597 respectively, at June 30, 2022, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The SPIA investment pool carried a credit rating of AA-f by Standard & Poor's and had an effective duration of 2.66 years and fair value factor of 0.948 at June 30, 2022. Participants contribute to the SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Annual Comprehensive Financial Report.

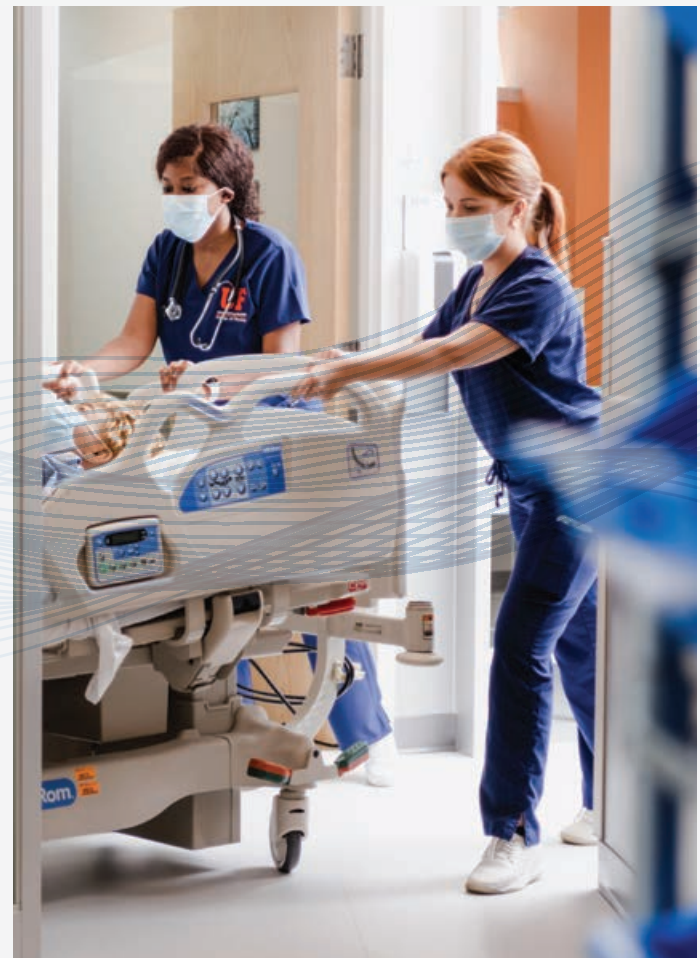
B. OTHER INVESTMENTS

In addition to external investment pools, the University and its discretely presented component units invested in various debt and equity securities, money market funds, and mutual funds. For the University, the majority of the other investments

are private equity funds managed by the University of Florida Investment Corporation (UFICO). For the University's discretely presented component units, other investments are those reported primarily by the University of Florida Foundation, Inc., The University Athletic Association, Inc., Florida Clinical Practice Association, Inc., Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville HealthCare, Inc., and the University of Florida Self-Insurance Program. The following risks apply to the University's and its discretely presented component units' investments other than external investment pools:

■ **Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(16), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due. Investments of the University's component units in debt securities, bonds and notes, and bond mutual funds, and their future maturities at June 30, 2022, are shown in Table 7.

■ **Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk and do not require disclosure of credit quality. The private equity funds are unrated. At June 30,



2022, the University's component units had bonds and notes and bond mutual funds, with quality ratings by nationally recognized rating agencies (e.g., Moody's Investors Service), as shown in Table 8.

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

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

6. Receivables

A. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for grant and contract reimbursements due from third parties, student tuition and fees, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. Accounts receivable, net

of an allowance for uncollectible accounts, reported as of June 30, 2022, are summarized in Table 9.

Table 9. Accounts Receivable

Description	
Grants and Contracts	\$ 108,836,250
Student Tuition and Fees	22,819,976
Sales and Services	7,157,553
Interest	1,089,059
Total Accounts Receivable, Net	\$ 139,902,838

B. LOANS AND NOTES RECEIVABLE

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

C. ALLOWANCES FOR UNCOLLECTIBLE RECEIVABLES

Allowances for uncollectible accounts and loans and notes receivable are reported based upon management's best estimate as of fiscal year-end, considering type, age, collection history, and other factors considered appropriate. Accounts receivable for student tuition and fees, various sales and services provided to students and third parties, and interest are reported net of an allowance of \$10,154,645 which is 24.6% of total related accounts receivable. Loans and notes receivable are reported net of an allowance of \$3,690,714 which is 16.5% of total related loans and notes receivable. No allowance has been accrued for grants and contracts receivable. University management considers these to be fully collectible.

Table 7. Component Units Debt Investment Maturities

Types of Investments	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
United States Government and Federally-Guaranteed Obligations	\$ 325,637	\$ 39,668	\$ 285,969	\$ -	-
Federal Agency Obligations	3,036,269	564,059	230,766	2,241,444	-
Bonds and Notes	38,836,676	5,990,119	2,992,732	725,825	29,128,000
Bond Mutual Funds	195,253,421	16,283,575	166,119,414	12,850,432	-
Total	\$ 237,452,003	\$ 22,877,421	\$ 169,628,881	\$ 15,817,701	\$ 29,128,000

Table 8. Component Units Debt Investments Quality Ratings

Types of Investments	Fair Value	Less than A/Ba or Not Rated			
		AAA/Aaa	AA/Aa	A/Ba	Less than A/Ba or Not Rated
Federal Agency Obligations	\$ 3,036,269	\$ -	\$ 2,490,861	\$ -	\$ 545,408
Bonds and Notes	38,836,676	2,184,144	2,779,868	1,845,661	32,027,003
Money Market Funds	238,817,357	224,359,357	-	-	14,458,000
Bond Mutual Funds	195,253,421	60,054,393	59,327,542	27,718,478	48,153,008
Total	\$ 475,943,723	\$ 286,597,894	\$ 64,598,271	\$ 29,564,139	\$ 95,183,419

7. Due From State

This amount consists of \$90,064,521 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, and general revenue allocations due from the State to the University for construction of University facilities.

8. Due From and To Component Units/University

Component units' due from and due to amounts include

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

9. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2022, is presented in Table 10.

Table 10. Capital Assets

Description	Beginning Balance	Adjustments (A)	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:					
Land	\$ 12,467,035	\$ 23,706,546	\$ -	\$ -	\$ 36,173,581
Construction in Progress	129,691,381	-	221,070,917	106,025,079	244,737,219
Works of Art and Historical Treasures	4,738,557	-	161,166	-	4,899,723
Total Nondepreciable Capital Assets	146,896,973	23,706,546	221,232,083	106,025,079	285,810,523
Depreciable Capital Assets:					
Buildings	3,270,103,991	205,149,039	83,222,291	4,609,908	3,553,865,413
Infrastructure and Other Improvements	147,192,395	2,150,353	15,773,823	-	165,116,571
Furniture and Equipment	767,660,312	75,974,005	44,232,832	25,086,092	862,781,057
Library Resources	380,330,942	-	7,215,279	470,843	387,075,378
Property Under Capital Lease and Leasehold Improvements	24,987,155	(9,815,002)	4,760,468	-	19,932,621
Right-to-Use Lease Assets (1)	-	-	16,348,702	426,051	15,922,651
Computer Software	62,886,853	-	-	-	62,886,853
Other Capital Assets	1,216,877	72,931	144,196	65,000	1,369,004
Total Depreciable Capital Assets	4,654,378,525	273,531,326	171,697,591	30,657,894	5,068,949,548
Less Accumulated Depreciation:					
Buildings	1,662,238,354	81,307,640	104,791,486	5,102,213	1,843,235,267
Infrastructure and Other Improvements	94,801,352	-	5,287,114	-	100,088,466
Furniture and Equipment	492,125,924	65,284,411	51,864,601	23,120,845	586,154,091
Library Resources	333,867,979	-	9,702,379	-	343,570,358
Property Under Capital Lease and Leasehold Improvements	12,480,872	(5,826,574)	1,289,427	-	7,943,725
Right-to-Use Lease Assets (1)	-	-	3,050,027	-	3,050,027
Computer Software	40,513,772	-	7,670,770	-	48,184,542
Other Capital Assets	875,854	-	107,660	65,000	918,514
Total Accumulated Depreciation	2,636,904,107	140,765,477	183,763,464	28,288,058	2,933,144,990
Total Depreciable Capital Assets, Net	2,017,474,418	132,765,849	(12,065,873)	2,369,836	2,135,804,558
Total Capital Assets, Net	\$ 2,164,371,391	\$ 156,472,395	\$ 209,166,210	\$ 108,394,915	\$ 2,421,615,081

(A) Adjustments represent the capital assets costs and related accumulated depreciation added to the University's accounting records as a result of the Scripps Research integration and the reclassification of Property Under Capital Lease to Buildings due to the implementation of GASB Statement No. 87.

(1) Right-to-use lease assets were added due to the implementation of GASB Statement No. 87. Beginning balance was not restated.

10. Museum and Art Collections

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

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

11. Deferred Outflows/Inflows of Resources

Certain changes in the University's proportionate share of the net pension liabilities of the cost-sharing multiple-employer Florida Retirement System and Health Insurance Subsidy defined benefit plans, as well as in the University's proportionate share of the total other postemployment benefits liability of the Division of State Group Insurance, are reported as deferred outflows and inflows of resources. These include changes in actuarial assumptions, differences between actual and expected experience in the measurement of the liabilities, the net difference between projected and actual earnings on pension plan investments as well as changes in the University's proportion of the collective

liabilities since the prior measurement date, and changes between the University's contributions and its proportionate share of contributions. In addition, University contributions to the pension and other postemployment benefits plans subsequent to the measurement date for the collective liabilities are reported as deferred outflows of resources. See Note 13 for a discussion of the University's other postemployment benefits payable and the related deferred outflows and inflows of resources. See Note 14 for a complete discussion of the University's defined benefit pension plans and the related deferred outflows and inflows of resources. Other deferred outflows consist of the resources tied to the asset retirement obligation recorded by the University under GASB Statement No. 83. See Note 13 for a complete discussion of the University's asset retirement obligation and the related deferred outflows.

12. Unearned Revenue

Unearned Revenue includes amounts received prior to the end of the fiscal year but related to subsequent accounting periods. Unearned Revenue as of June 30, 2022, is summarized in Table 11.

Table 11. Unearned Revenue

Description	
Grants and Contracts	\$ 49,570,867
Auxiliary Enterprises	3,915,664
Student Tuition and Fees	7,158,034
Total Unearned Revenue	\$ 60,644,565

13. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2022, include capital improvement debt payable, loans and notes

Table 12. Long-Term Liabilities

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Asset-Related Debt:					
Capital Improvement Debt Payable	\$ 380,100,197	\$ -	\$ 11,920,787	\$ 368,179,410	\$ 10,655,000
Loans and Notes Payable	3,891,272	-	437,734	3,453,538	448,034
Installment Purchase Agreements Payable (1)	2,159,206	1,822,908	737,486	3,244,628	821,535
Capital Leases Payable (1)	1,780,395	-	1,780,395	-	-
Leases Payable (2)	-	15,922,650	3,016,626	12,906,024	3,028,513
Total Capital Asset-Related Debt	387,931,070	17,745,558	17,893,028	387,783,600	14,953,082
Other Long-Term Liabilities:					
Compensated Absences Payable	132,012,945	18,175,947	14,988,873	135,200,019	12,655,019
Other Postemployment Benefits Payable	1,069,008,199	83,343,860	59,448,952	1,092,903,107	19,121,615
Net Pension Liability	881,331,806	20,407,195	592,232,220	309,506,781	1,097,245
Other Noncurrent Liabilities	9,781,907	754,000	332,907	10,203,000	-
Total Long-Term Liabilities	\$ 2,480,065,927	\$ 140,426,560	\$ 684,895,980	\$ 1,935,596,507	\$ 47,826,961

(1) Capital Leases Payable were reclassified as Installment Purchase Agreements Payable due to the implementation of GASB No. 87.

(2) Leases Payable were added due to the implementation of GASB Statement No. 87. Beginning balance was not restated.



payable, installment purchase agreements payable, leases payable, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities. Long-term liability activity for the fiscal year ended June 30, 2022, is presented in Table 12.

A. CAPITAL IMPROVEMENT DEBT PAYABLE

Capital improvement debt is issued to construct student housing, parking, and various other University facilities. The outstanding debt for student housing and the parking facilities is secured by a pledged portion of housing rental

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

A summary of the University's capital improvement debt payable at June 30, 2022, is presented in Table 13.

Table 13. Capital Improvement Debt Payable

Type and Series	Amount of Original Issue	Amount Outstanding		Interest Rates	Maturity Date
		Principal	Interest		
Student Housing Auxiliary Debt:					
2013A Housing	\$ 24,805,000	\$ 13,720,000	\$ 3,281,306	3.000 to 5.000%	2033
2016A Housing	19,390,000	12,420,000	2,209,363	3.000 to 5.000%	2030
2021A Housing	215,550,000	215,550,000	116,860,975	2.250 to 5.000%	2051
2021B Housing	17,240,000	15,710,000	3,879,750	5.000%	2031
Total Student Housing Debt	276,985,000	257,400,000	126,231,394		
Parking Garage Auxiliary Debt:					
2018A Parking	39,070,000	33,365,000	11,659,125	4.000 to 5.000%	2038
Total Parking Garage Debt	39,070,000	33,365,000	11,659,125		
Other University of Florida Revenue Bonds:					
2020A Clinical Translational Research Building	19,025,000	15,382,000	1,025,702	1.540%	2030
2013 Student Activity	41,540,000	27,675,000	7,882,519	4.000 to 5.000%	2033
Total Other University of Florida Revenue Bonds	60,565,000	43,057,000	8,908,221		
Plus: Unamortized Premiums	-	34,594,428	-		
Less: Unamortized Refunding Losses	-	(237,018)	-		
Total Capital Improvement Debt	\$ 376,620,000	\$ 368,179,410	\$ 146,798,740		

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2022 are presented in Table 14.

Table 14. Capital Improvement Debt Payable - Principal & Interest

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 10,655,000	\$ 11,924,032	\$ 22,579,032
2024	10,251,000	11,451,381	21,702,381
2025	15,309,000	11,020,450	26,329,450
2026	15,985,000	10,337,814	26,322,814
2027	16,713,000	9,620,121	26,333,121
2028-2032	75,924,000	37,798,035	113,722,035
2033-2037	49,850,000	24,536,319	74,386,319
2038-2042	46,710,000	16,495,763	63,205,763
2043-2047	48,630,000	10,281,675	58,911,675
2048-2051	43,795,000	3,333,150	47,128,150
Total Principal & Interest	333,822,000	146,798,740	480,620,740
Plus: Unamortized Premiums	34,594,428	-	34,594,428
Less: Unamortized Refunding Losses	(237,018)	-	(237,018)
Total	\$ 368,179,410	\$ 146,798,740	\$ 514,978,150

B. LOANS AND NOTES PAYABLE

On August 30, 2013, the University borrowed \$6,472,538 at an interest rate of 2.33% to finance the cost of energy savings contracts and renovation of the J. Wayne Reitz Union. The principal and interest costs are expected to be met by cost savings of the newer system. The University's outstanding note is secured with collateral of the energy performance equipment used in the renovation. The note contains a provision that in an event of default, the contract can be terminated and equipment returned and/or declare all payments payable under the contract to the end of the then current budget year of the University, to be immediately due and payable. The note matures on August 31, 2029, and principal and interest payments are made annually. Annual requirements to amortize the note as of June 30, 2022, are presented in Table 15.

Table 15. Loans and Notes Payable - Principal & Interest

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 448,034	\$ 75,638	\$ 523,672
2024	458,576	65,096	523,672
2025	469,366	54,305	523,671
2026	480,411	43,261	523,672
2027	491,715	31,957	523,672
2028-2030	1,105,436	29,185	1,134,621
Total	\$ 3,453,538	\$ 299,442	\$ 3,752,980

C. INSTALLMENT PURCHASE AGREEMENTS PAYABLE

The University has entered into several installment purchase agreements for the purchase of buildings and equipment totaling \$12,554,866. The imputed interest rates ranged from 0.75% to 6.45%. The installment purchases contain a provision that, in an event of default, outstanding amounts become immediately due if the University is unable to make payment. Future minimum principal payments remaining under installment purchase agreements as of June 30, 2022, are presented in Table 16.

Table 16. Installment Purchase Agreements Payable - Principal & Interest

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 821,535	\$ 119,773	\$ 941,308
2024	767,625	96,671	864,296
2025	630,541	75,053	705,594
2026	245,814	61,091	306,905
2027	176,914	50,253	227,167
2028-30	602,199	79,301	681,500
Total Minimum Payments	\$ 3,244,628	\$ 482,142	\$ 3,726,770



D. LEASES PAYABLE

The university leases equipment and space from external parties for various terms under long-term lease agreements. The leases expire at various dates through 2036 with renewal options available ranging from 1 to 15 years. In accordance with GASB Statement No. 87, the university records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. 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 Capital Assets for information on right-to-use assets and the associated accumulated depreciation. Leases payable for the fiscal year ended June 30, 2022, are shown in the following table:

Table 17. Leases Payable - Principal & Interest

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 3,028,513	\$ 243,784	\$ 3,272,297
2024	2,902,660	166,440	3,069,100
2025	1,829,664	125,085	1,954,749
2026	1,497,421	95,510	1,592,931
2027	1,320,487	68,177	1,388,664
2028-2032	2,110,693	127,829	2,238,522
2033-2036	216,586	5,898	222,484
Total	\$ 12,906,024	\$ 832,723	\$ 13,738,747

E. COMPENSATED ABSENCES PAYABLE

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors Regulations, University Regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave in accordance with its policy regarding leave payment upon separation from employment. However, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations.

At June 30, 2022, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled

\$135,200,019. The current portion of the compensated absences liability, \$12,655,019, is the amount expected to be paid in the coming fiscal year and is based on actual payouts over the last three years, calculated as a percentage of those years' total compensated absences liability.

F. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

The University follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the Florida Department of Management Services, Division of State Group Insurance.

General Information about the OPEB Plan

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

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

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of \$ 1,092,903,107 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. At June 30, 2022, the University's proportionate share, determined by its proportion of total benefit payments made, was 10.37%, which decreased 0.02% from its proportionate share reported as of June 30, 2021.

■ **Actuarial Assumptions and Other Inputs** – The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified, as presented in Table 18.

Table 18. Actuarial Assumptions - OPEB

Inflation	2.60%
Salary Increases	Varies by FRS Class
Discount Rate	2.18%

Healthcare cost trend rates for the Preferred Provider Organizations (PPO) and Health Maintenance Organizations (HMO), respectively, are 8.0% and 6.0% for the 2021-22 fiscal year, increasing to a maximum rate of 8.2% and 6.0% in the 2023-24 fiscal year, and decreasing to 4.0% and 4.0% for 2076 and later years.

Retiree premium trend rates for both the PPO and HMO plans are 7.0 percent for the 2021-22 fiscal year, increasing to a maximum of 7.1 percent for 2023-24 fiscal year, and gradually decreasing to 4.0 percent for the 2075-76 and later fiscal years.

The discount rate was based on a 20-year S&P Municipal Bond Rate Index.

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

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

The following changes have been made since the prior valuation:

- **Discount Rate** – The discount rate was updated to utilize the mandated discount rate based on a 20-year Standard & Poor's Municipal Bond Rate Index as of the measurement date, as required under GASB 75. The discount rate decreased from 2.66% to 2.18%.
- **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% of DSGI employees are

assumed to become eligible for the Deferred Retirement Option Program (DROP), while the remaining 40% 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% as of the valuation date.

- **Termination** – Termination rates were updated to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 3% as of the valuation date.
- **Disability** – Disability rates were updated to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 0.5% as of the valuation date.
- **Salary Scale** – Salary Increase rates were updated to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change increased the Total OPEB Liability by about 0.2% as of the valuation date.
- **Active Medical Plan Elections** – Most actively employed participants in the Plan are health plan subscribers. Those participants are assumed to continue their current health coverage into retirement at a rate of 47%. For those who are not currently covered under the health plan, 3.7% are assumed to elect medical coverage in retirement. The resulting overall participation rate is 43%. Previously, the overall participation rate was 50%. This assumption is based on guidance provided by the DSGI on June 23, 2021. This change resulted in an 8% 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** - Table 19 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%) or 1 percentage point higher (3.18%) than the current rate:

Table 19. Sensitivity to Changes in Discount Rate - OPEB

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
University's Proportionate Share of the Total OPEB Liability	<u>\$1,347,361,300</u>	<u>\$ 1,092,903,107</u>	<u>\$ 898,235,927</u>

■ **Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** - Table 20 presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

Table 20. Sensitivity to Changes in Healthcare Cost Trend Rates - OPEB

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's Proportionate Share of the Total OPEB Liability	<u>\$ 869,769,474</u>	<u>\$ 1,092,903,107</u>	<u>\$ 1,397,743,061</u>

■ **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 \$20,626,844. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB as presented in Table 21.

Table 21. Deferred Outflows and Inflows of Resources Related to OPEB

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ 110,962,522	\$ 357,006,049
Differences Between Expected and Actual Experience	-	50,651,063
Changes in Proportion and Differences Between University Benefit Payments and Proportionate Share of Benefit Payments	56,288,475	11,361,890
Transactions Subsequent to the Measurement Date	19,461,471	-
Total	<u>\$ 186,712,468</u>	<u>\$ 419,019,002</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$19,461,471 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 presented in Table 22.

Table 22. Recognition of Deferred Outflows & Inflows Related to OPEB

Fiscal Year Ending June 30	Total
2023	\$ (61,384,633)
2024	(61,384,633)
2025	(61,384,633)
2026	(39,103,157)
2027	(27,366,355)
Thereafter	(1,144,594)
Total	<u>\$ (251,768,005)</u>

G. ASSET RETIREMENT OBLIGATION PAYABLE

The University follows GASB Statement No. 83, *Certain Asset Retirement Obligations*, to account for significant asset retirement obligations (AROs). These AROs are included as part of Other Noncurrent Liabilities in Table 12, and the total amount of the AROs for the University was \$10,203,000 as of June 30, 2022. The University's AROs consist of radioactive and biohazardous tangible capital assets. The University utilizes governmental agency estimates and current remediation costs to estimate the AROs. The source of the obligations are Federal and State regulations, and there are no legally required funding or assurance provisions associated with the AROs. There are no assets restricted for payments of the AROs. The remaining useful lives of the tangible capital assets range from 25 to 50 years. The University amortizes the associated deferred outflows of resources associated with the AROs by applying the straight-line method over the estimated remaining useful lives of the assets.

14. Retirement Plans

A. DEFINED BENEFIT PENSION PLANS

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

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

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

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

The University's pension expense totaled \$17,325,243 for the 2021-22 fiscal year for both the FRS Pension Plan and HIS Program.

1. Florida Retirement System Defined Benefit Pension Plan

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

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

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

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

■ **Benefits Provided** – Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest

fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. Table 23 shows the percentage value for each year of service credit earned.

Table 23. Percentage Value of Service Credit Earned per Year

Regular Class members initially enrolled before July 1, 2011

Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%

Regular Class members initially enrolled on or after July 1, 2011

Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%

Senior Management Service Class

2.00%

Special Risk Class

Service on and after October 1, 1974	3.00%
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As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3.00% per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3.00%, determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement, multiplied by 3.00%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

■ **Contributions** – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-22 fiscal year are shown

in Table 24. The University's contributions to the Plan totaled \$74,393,670 for the fiscal year ended June 30, 2022.

Table 24. Florida Retirement System Contribution Rates

Class	Percent of Gross Salary	
	Employee	Employer (1)
Florida Retirement System, Regular	3.00%	10.82%
Florida Retirement System, Senior Management Service	3.00%	29.01%
Florida Retirement System, Special Risk	3.00%	25.89%
Deferred Retirement Option Program-Applicable to Members from all of the Above Classes	0.00%	18.34%
Florida Retirement System, Reemployed Retiree	(2)	(2)

(1) Employer rates for each membership class include 1.66% for Health Insurance Subsidy. Also, employer rates, other than for DROP participants, include .06% for administrative costs of the Investment Plan.

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

■ **Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2022, the University reported a liability of \$123,558,691 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 1.64%, which was an increase of .03% compared to the proportionate share measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized pension expense of \$2,610,930. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions as presented in Table 25.

Table 25. Deferred Outflows and Inflows Related to Pensions - FRS

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 21,178,157	\$ -
Change of Assumptions	84,544,982	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	-	431,065,215
Changes in Proportion and Difference Between University Contributions and Proportionate Share of Contributions	12,712,388	3,157,952
University FRS Contributions Subsequent to the Measurement Date	74,393,670	-
Total	\$ 192,829,197	\$ 434,223,167

The deferred outflows of resources related to pensions totaling \$74,393,670 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 shown in Table 26.

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

Fiscal Year Ending June 30	
2023	\$ (54,790,752)
2024	(63,710,870)
2025	(86,563,251)
2026	(112,423,957)
2027	1,701,190
Total	\$ (315,787,640)

■ **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, as presented in Table 27.

Table 27. Actuarial Assumptions - FRS

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

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP 2018. The actuarial assumptions used in the July 1, 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 Plan investments was not based on historical returns, but instead was based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of long-term expected rates of arithmetic return for each major asset class are summarized in Table 28.

Table 28. Target Allocation and Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	1.00%	2.10%
Fixed Income	20.00%	3.80%
Global Equity	54.20%	8.20%
Real Estate (Property)	10.30%	7.10%
Private Equity	10.80%	11.70%
Strategic Investments	3.70%	5.70%
Total	100.00%	

■ **Discount Rate** – The discount rate used to measure the total pension liability was 6.80%. 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**

– Table 29 presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80%) or 1 percentage point higher (7.80%) than the current rate.

Table 29. Sensitivity to Changes in Discount Rate - FRS

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
University's Proportionate Share of the Net Pension Liability	\$ 552,562,744	\$ 123,558,691	\$ (235,040,596)

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

2. Health Insurance Subsidy Defined Benefit Pension Plan

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

■ **Benefits Provided** – For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement, multiplied by \$5. The payments are at least \$30, but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

■ **Contributions** – The HIS Plan is funded by required contributions from FRS participating employers, as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The University's contributions to the HIS Plan totaled \$9,467,858 for the fiscal year ended June 30, 2022.

■ **Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2022, the University reported a liability of \$185,948,090 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. 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 calculate 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 1.52%, which was an increase of 0.02% from its proportionate share of 1.50% measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the University recognized pension expense of \$14,714,313. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions as presented in Table 30.

The deferred outflows of resources related to pensions totaling \$9,467,858 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 shown in Table 31.

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

Fiscal Year Ending June 30		
2023	\$	4,618,528
2024		1,885,603
2025		3,095,168
2026		3,772,524
2027		2,878,267
Thereafter		610,185
Total	\$	16,860,275

■ **Actuarial Assumptions** – The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as presented in Table 32.

Table 32. Actuarial Assumptions - HIS

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Municipal Bond Rate	2.16%

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.

Table 30. Deferred Outflows and Inflows Related to Pensions - HIS

Description		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$	6,222,292	\$	77,883
Change of Assumptions		14,611,358		7,661,534
Net Difference Between Projected and Actual Earnings on Plan Investments		193,846		-
Changes in Proportion and Difference Between University Contributions and Proportionate Share of Contributions		3,572,196		-
University Contributions Subsequent to the Measurement Date		9,467,858		-
Total	\$	34,067,550	\$	7,739,417

■ **Discount Rate** – The discount rate used to measure the total pension liability was 2.16%, which was a decrease of 0.05% from the prior measurement date. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

■ **Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – Table 33 presents the University's proportionate share of the net pension liability calculated using the discount rate of 2.16%, 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%) or 1 percentage point higher (3.16%) than the current rate.

Table 33. Sensitivity to Changes in Discount Rate - HIS

	1% Decrease	Current Discount Rate	1% Increase
	1.16%	2.16%	3.16%
University's Proportionate Share of the Net Pension Liability	\$ 214,974,003	\$ 185,948,090	\$ 162,167,844

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

B. DEFINED CONTRIBUTION PENSION PLANS

1. FRS Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate

benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions as the FRS defined benefit plan; these contributions are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Allocations to the Investment Plan member investment accounts during the 2021-22 fiscal year are presented in Table 34.

Table 34. Florida Retirement System - Investment Plan Rates

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

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

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

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or select any combination of these

options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

There were 3,512 University participants during the 2021-22 fiscal year. The University's Investment Plan pension expense totaled \$17,782,602 for the fiscal year ended June 30, 2022.

2. State University System Optional Retirement Program

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted

to the participating investment companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14% of the participant's salary to the participant's account, 4.19% to cover the unfunded actuarial liability of the FRS pension plan, and 0.01% to cover administrative costs. Employees contribute 3.00% of their salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

There were 8,321 University participants during the 2021-22 fiscal year. The University's contributions to the Program totaled \$57,855,149 and employee contributions totaled \$33,142,991 for the 2021-22 fiscal year.

15. Construction Commitments

The University's construction commitments at June 30, 2022, are presented in Table 35.

Table 35. Construction Commitments

Project Title	Total Commitment	Completed to Date	Balance Committed
Honors Residential College	\$ 220,000,000	\$ 44,111,887	\$ 175,888,113
Data Science and Information Technology Building	150,000,000	66,952,005	83,047,995
Thermal Utilities Infrastructure (Museum Rd)	56,359,048	30,220,938	26,138,110
Architecture Building Renovation/Remodeling and DCP Collaboratory	45,000,000	425,660	44,574,340
Whitney Laboratory for Marine Bioscience	31,200,000	451,326	30,748,674
Public Safety Building	26,522,741	14,649,504	11,873,237
Student Health Care Center	26,062,283	14,525,918	11,536,365
Academic Research Center	22,000,000	73,196	21,926,804
PK Yonge Gymnasium	15,000,000	7,500	14,992,500
Reitz Union Lawn UG Utilities Improvements	15,000,000	4,907,464	10,092,536
East Campus Data Center Utility Upgrades	14,372,514	12,909,376	1,463,138
Florida Museum of Natural History Special Collections Building	11,746,300	9,096,755	2,649,545
SW Campus Transportation Improvements	11,674,643	10,727,485	947,158
Inner Road Underground Utilities Improvement	10,000,000	531,631	9,468,369
Basic Science Third Floor Renovation	10,000,000	8,000	9,992,000
Disability Resource Center	8,200,000	-	8,200,000
Racquet Club Dining Center Renovation	7,000,000	261,829	6,738,171
Campus Landscape Master Plan Implementation	5,584,000	4,014,368	1,569,632
Inner Road Surface Treatments (roadway, hardscape, landscape) Improvement	5,100,000	455,214	4,644,786
IFAS Blueberry Research Facility	5,092,000	3,605,877	1,486,123
Subtotal	695,913,529	217,935,933	477,977,596
Projects under \$5,000,000	86,873,253	26,801,286	60,071,967
Total	\$ 782,786,782	\$ 244,737,219	\$ 538,049,563

16. State Self-Insurance Programs

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

The University of Florida Self-Insurance Program (the Program) and the University of Florida Healthcare Education Insurance Company (HEIC), which are included in the University's reporting entity as discretely presented component units (see Note 1), provide general and professional liability protection for the University of Florida Board of Trustees (UFBOT) on behalf of the six health colleges of the JHMMC, the College of Veterinary Medicine teaching hospitals, the Student Health Care Center, direct-support organizations, and their employees and agents. Hospital professional liability protection, including general liability, is provided to Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville Medical Center, Inc. (a subsidiary of Shands Jacksonville HealthCare, Inc.-Shands Jacksonville), other entities statutorily authorized to participate in the Program, and their employees and agents. The Program and HEIC are distinct from and entirely independent of the self-insurance programs administered by the State described in Note 16.

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

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

18. Litigation and Contingencies

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

19. Scholarship Allowance

Student Tuition and Fees as well as Sales and Services of Auxiliary Enterprises are reported net of scholarship allowance. Allowances of \$241,734,354 and \$229,117,497 were applied to Student Tuition and Fees and allowances of \$15,219,141 and \$12,491,493 were applied to Sales and Services of Auxiliary Enterprises, for fiscal year 2021-22 and fiscal year 2020-21 (as restated) respectively.

20. Functional Distribution of Operating Expenses

The functional classification of operating expenses (instruction, research, etc.) is assigned to each individual transaction based on the nature of the activity. The operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position are presented by natural classification. Table 36 presents those same expenses in functional classification as recommended by NACUBO.

Table 36. Functional Expenses

Functional Classification	
Public Service	\$ 860,305,853
Instruction	770,614,902
Research	763,796,869
Scholarships, Fellowships, and Waivers, Net	255,712,095
Academic Support	233,410,428
Depreciation	183,763,464
Institutional Support	173,324,097
Operation and Maintenance of Plant	132,720,521
Auxiliaries	120,875,608
Student Services	50,441,475
Total Operating Expenses	\$ 3,544,965,312

21. Special Item – Transfer of Operations

On April 2, 2022 the University executed an asset transfer agreement with Scripps Research Institute (Scripps), based in La Jolla, California, to acquire the Scripps Research Florida

campus, a division of Scripps. The transfer of operations was completed for the purpose of expanding the biomedical research capabilities of the University. This transfer consisted of all assets associated with the 30-acre Scripps Research Florida campus, including cash and investments, buildings and equipment, and land. The net value of the assets acquired as of the transfer date was determined to be \$243,669,342 and is presented as a special item on the Statement of Revenues, Expenses, and Changes in Net Position. Table 37 summarizes the assets transferred from Scripps.

Table 37. Transfer of Assets

Assets	
Cash	\$ 78,400,389
Investments	8,796,558
Land	23,706,546
Building and Equipment, Net of Impairment of \$411,195	132,692,918
Other Capital Assets, Net of Impairment of \$40,293	72,931
Total Assets	\$ 243,669,342

22. Component Units

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

23. Segment Information

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, and liabilities are required to be accounted for separately. Transportation and Parking Services provides the University with safe and adequate parking facilities. Several parking garages have been constructed from the proceeds of revenue-backed debt instruments. The Department of Housing and Residence Education provides safe and affordable living space for students of the University of Florida. Capital improvement debt has been issued over the years to provide funding for the construction of facilities to house students of the University. A summary of the financial activity for these segments is presented in Table 41.

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

	University of Florida Foundation, Inc.	The University Athletic Association, Inc.	University of Florida Research Foundation, Inc.	GatorCare Health Management Corporation
CONDENSED STATEMENT OF NET POSITION				
Assets				
Due from Component Units/University	\$ 68,184	\$ 8,907	\$ 182,410	\$ -
Other Current Assets	220,120	96,833	12,079	63,604
Capital Assets, Net	107,918	296,671	-	2
Other Noncurrent Assets	2,356,993	54,749	-	-
Total Assets	2,753,215	457,160	194,489	63,606
Liabilities				
Due to Component Units/University	46,598	29,135	77,924	20,878
Other Current Liabilities	7,703	70,077	4,516	40,526
Noncurrent Liabilities	39,927	157,436	-	-
Total Liabilities	94,228	256,648	82,440	61,404
Deferred Inflows of Resources				
Deferred Amounts Related to Pensions	42	-	-	-
Other Deferred Outflows	17,277	-	-	-
Total Liabilities and Deferred Inflows of Resources	111,547	256,648	82,440	61,404
Net Position				
Net Investment in Capital Assets	106,328	138,924	-	2
Restricted-Nonexpendable Endowment	1,535,474	-	-	-
Restricted-Expendable Endowment	959,050	-	-	-
Restricted-Expendable Other	-	9,546	-	-
Unrestricted	40,816	52,042	112,049	2,200
Total Net Position	\$ 2,641,668	\$ 200,512	\$ 112,049	\$ 2,202
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION				
Operating Revenues	\$ 224,225	\$ 170,362	\$ 49,786	\$ 814
Operating Expenses	(232,572)	(173,577)	(47,776)	(1,503)
Operating Income (Loss)	(8,347)	(3,215)	2,010	(689)
Nonoperating Revenues (Expenses) and Other Revenues, Expenses, Gains, or Losses				
Investment Income, Net of Expenses	(42,708)	(12,534)	(54)	258
Net Increase (Decrease) in the Fair Value of Investments	33	-	(618)	-
Other Nonoperating Revenues	-	21,865	2,300	-
Other Nonoperating Expenses	-	(8,517)	-	-
Addition to Permanent Endowments	53,708	-	-	-
Change in Net Position	2,686	(2,401)	3,638	(431)
Net Position, Beginning of Year	2,638,982	202,862	108,411	2,633
Adjustments to Beginning Net Position (Note 3)	-	51	-	-
Net Position, Beginning of Year, as Restated	2,638,982	202,913	108,411	2,633
Net Position, End of Year	\$ 2,641,668	\$ 200,512	\$ 112,049	\$ 2,202

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

Florida Foundation Seed Producers, Inc.	University of Florida Development Corporation	Gator Boosters, Inc.	Citrus Research and Development Foundation, Inc.	Total Direct-Support Organizations
\$ -	\$ -	\$ 33,291	\$ -	\$ 292,792
17,731	4,910	5,689	4,642	425,608
7,138	8,724	-	-	420,453
-	6,313	517	-	2,418,572
24,869	19,947	39,497	4,642	3,557,425
-	5,076	8,698	-	188,309
10,151	753	31,151	2,373	167,250
-	-	101	-	197,464
10,151	5,829	39,950	2,373	553,023
-	-	-	-	42
235	7,501	-	-	25,013
10,386	13,330	39,950	2,373	578,078
7,138	3,649	517	-	256,558
-	-	-	-	1,535,474
-	-	-	-	959,050
-	-	-	2,269	11,815
7,345	2,968	(970)	-	216,450
\$ 14,483	\$ 6,617	\$ (453)	\$ 2,269	\$ 2,979,347
\$ 1,915	\$ 2,170	\$ 61,459	\$ 6,373	\$ 517,104
(764)	(2,499)	(4,241)	(15,882)	(478,814)
1,151	(329)	57,218	(9,509)	38,290
20	366	1,360	24	(53,268)
-	-	-	-	(585)
243	-	-	8,000	32,408
(282)	-	(58,592)	-	(67,391)
-	-	10	-	53,718
1,132	37	(4)	(1,485)	3,172
13,351	6,580	(449)	3,754	2,976,124
-	-	-	-	51
13,351	6,580	(449)	3,754	2,976,175
\$ 14,483	\$ 6,617	\$ (453)	\$ 2,269	\$ 2,979,347

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

	Florida Clinical Practice Association, Inc.	University of Florida Jacksonville Physicians, Inc.	Faculty Associates, Inc.	Florida Veterinary Medicine Faculty Association, Inc.	University of Florida College of Pharmacy Faculty Practice Association, Inc.	Total Health Science Center Affiliates
CONDENSED STATEMENT OF NET POSITION						
Assets						
Due from Component Units/University	\$ 24,191	\$ 5,699	\$ -	\$ 9,500	\$ -	\$ 39,390
Other Current Assets	192,158	103,305	24,665	5,620	631	326,379
Capital Assets, Net	178,255	93,232	-	-	-	271,487
Other Noncurrent Assets	13,949	735	-	-	-	14,684
Total Assets	408,553	202,971	24,665	15,120	631	651,940
Liabilities						
Due to Component Units/University	17,807	-	-	2,263	-	20,070
Other Current Liabilities	33,379	49,743	401	764	1	84,288
Noncurrent Liabilities	162,507	69,389	-	-	-	231,896
Total Liabilities	213,693	119,132	401	3,027	1	336,254
Deferred Inflows of Resources						
Other Deferred Inflows	11,799	726	-	-	-	12,525
Total Liabilities and Deferred Inflows of Resources	225,492	119,858	401	3,027	1	348,779
Net Position						
Net Investment in Capital Assets	1,390	15,104	-	-	-	16,494
Unrestricted	181,671	68,009	24,264	12,093	630	286,667
Total Net Position	\$ 183,061	\$ 83,113	\$ 24,264	\$ 12,093	\$ 630	\$ 303,161
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION						
Operating Revenues	\$ 971,310	\$ 336,502	\$ 27,070	\$ 22,109	\$ 3,140	\$ 1,360,131
Operating Expenses	(317,384)	(172,970)	(641)	(1,033)	-	(492,028)
Operating Income	653,926	163,532	26,429	21,076	3,140	868,103
Nonoperating Revenues (Expenses)						
Investment Income (Loss), Net of Expenses	(2,093)	(1,253)	31	-	-	(3,315)
Net Increase (Decrease) in the Fair Value of Investments	4,906	3,277	-	-	-	8,183
Other Nonoperating Revenues	9,403	7,088	-	-	-	16,491
Other Nonoperating Expenses	(656,767)	(171,398)	(20,200)	(19,813)	(9,533)	(877,711)
Change in Net Position	9,375	1,246	6,260	1,263	(6,393)	11,751
Net Position, Beginning of Year	174,547	81,867	18,004	10,830	7,023	292,271
Adjustments to Beginning Net Position (Note 3)	(861)	-	-	-	-	(861)
Net Position, Beginning of Year, as Restated	173,686	81,867	18,004	10,830	7,023	291,410
Net Position, End of Year	\$ 183,061	\$ 83,113	\$ 24,264	\$ 12,093	\$ 630	\$ 303,161

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

	Shands Teaching Hospital & Clinics, Inc.	Shands Jacksonville HealthCare, Inc.	University of Florida Self-Insurance Program	University of Florida Healthcare Education Insurance Company	Total Shands Hospital and Others
CONDENSED STATEMENT OF NET POSITION					
Assets					
Due from Component Units/University	\$ 52,288	\$ 7,244	\$ -	\$ 58,570	\$ 118,102
Other Current Assets	718,888	595,032	237,043	4,035	1,554,998
Capital Assets, Net	1,409,203	344,673	-	-	1,753,876
Other Noncurrent Assets	1,363,536	39,983	-	-	1,403,519
Total Assets	3,543,915	986,932	237,043	62,605	4,830,495
Deferred Outflows of Resources					
Deferred Amounts Related to Pensions	90,214	3,079	-	-	93,293
Deferred Amounts Related to OPEB	-	579	-	-	579
Other Deferred Outflows	39,975	7,218	-	-	47,193
Total Assets and Deferred Outflows of Resources	3,674,104	997,808	237,043	62,605	4,971,560
Liabilities					
Due to Component Units/University	24,740	18,045	58,570	-	101,355
Other Current Liabilities	477,385	144,767	7,628	867	630,647
Noncurrent Liabilities	1,118,218	517,037	26,652	5,978	1,667,885
Total Liabilities	1,620,343	679,849	92,850	6,845	2,399,887
Deferred Inflows of Resources					
Deferred Amounts Related to Pensions	153,120	11,098	-	-	164,218
Deferred Amounts Related to OPEB	-	1,959	-	-	1,959
Other Deferred Inflows	32,539	18,469	-	-	51,008
Total Liabilities and Deferred Inflows of Resources	1,806,002	711,375	92,850	6,845	2,617,072
Net Position					
Net Investment in Capital Assets	315,892	55,943	-	-	371,835
Restricted-Nonexpendable Endowment	215	-	-	-	215
Restricted-Expendable Endowment	1,904	5,026	-	-	6,930
Other Restricted Net Position	-	-	144,193	55,760	199,953
Unrestricted	1,550,091	225,464	-	-	1,775,555
Total Net Position	\$ 1,868,102	\$ 286,433	\$ 144,193	\$ 55,760	\$ 2,354,488
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION					
Operating Revenues	\$ 2,613,469	\$ 908,433	\$ 8,122	\$ 1,496	\$ 3,531,520
Operating Expenses	(2,436,472)	(915,882)	(9,261)	(340)	(3,361,955)
Operating Income (Loss)	176,997	(7,449)	(1,139)	1,156	169,565
Nonoperating Revenues (Expenses)					
Investment Income (Loss), Net of Expenses	(178,460)	6,798	(18,611)	(6,245)	(196,518)
Net Decrease in the Fair Value of Investments	(8,171)	-	-	-	(8,171)
Other Nonoperating Revenues	35,758	23,096	-	-	58,854
Other Nonoperating Expenses	(43,541)	(11,299)	-	-	(54,840)
Change in Net Position	(17,417)	11,146	(19,750)	(5,089)	(31,110)
Net Position, Beginning of Year	1,885,519	275,287	163,943	60,849	2,385,598
Net Position, End of Year	\$ 1,868,102	\$ 286,433	\$ 144,193	\$ 55,760	\$ 2,354,488

Table 41. Segment Information

	Transportation and Parking Services	Department of Housing and Residence Education
CONDENSED STATEMENT OF NET POSITION		
Assets		
Current Assets	\$ 25,854,182	\$ 17,832,336
Capital Assets, Net	53,874,039	191,669,958
Other Noncurrent Assets	139,431	191,828,235
Total Assets	79,867,652	401,330,529
Liabilities		
Current Liabilities	4,352,914	8,099,521
Noncurrent Liabilities	35,736,729	282,713,367
Total Liabilities	40,089,643	290,812,888
Net Position		
Net Investment in Capital Assets	16,412,695	96,034,826
Restricted	-	2,175,177
Unrestricted	23,365,314	12,307,638
Total Net Position	\$ 39,778,009	\$ 110,517,641
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating Revenues (Expenses)		
Operating Revenues	\$ 14,038,115	\$ 54,566,051
Depreciation Expense	(3,258,335)	(6,788,975)
Other Operating Expenses	(7,927,618)	(40,268,693)
Operating Income	2,852,162	7,508,383
Nonoperating Revenues (Expenses)		
Investment Income	7,837	
Interest on Capital Asset-Related Debt	(1,305,529)	(2,071,761)
Other Nonoperating Revenues (Expenses)	2,401,190	39,721,211
Net Nonoperating Revenues (Expenses)	1,103,498	37,649,450
Change in Net Position	3,955,660	45,157,833
Net Position, Beginning of Year	35,822,349	65,359,808
Net Position, End of Year	\$ 39,778,009	\$ 110,517,641
CONDENSED STATEMENT OF CASH FLOWS		
Net Cash Provided (Used) by		
Operating Activities	\$ 7,998,585	\$ 14,200,930
Noncapital Financing Activities	1,903,556	(8,429,625)
Capital and Related Financing Activities	(4,216,434)	(6,835)
Investing Activities	(5,685,707)	(5,764,470)
Net Increase (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, Beginning of Year	-	-
Cash and Cash Equivalents, End of Year	\$ -	\$ -

OTHER REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2022



Schedule of University's Proportionate Share of the Total Other Postemployment Benefits Liability (amounts expressed in thousands)

	2021 (1)(3)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)
University's Proportion of the OPEB Liability	10.37%	10.39%	9.79%	9.89%	9.89%	9.92%
University's Proportionate Share of the Total OPEB Liability	\$ 1,092,903	\$ 1,069,008	\$ 1,239,001	\$ 1,043,548	\$ 1,069,104	\$ 1,171,492
University's Covered Payroll	\$ 1,302,872	\$ 1,237,961	\$ 1,188,019	\$ 1,151,733	\$ 1,103,905	\$ 1,120,516
University's Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll	83.88%	86.35%	104.29%	90.61%	96.85%	104.55%

Notes:

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

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4, GASB Statement No. 75 to pay related benefits.

(3) 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.

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

	2021 (1)(2)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's Proportion of the FRS Net Pension Liability	1.64%	1.61%	1.62%	1.62%	1.53%	1.56%	1.59%	1.52%	1.23%
University's Proportionate Share of the FRS Net Pension Liability	\$ 123,559	\$ 697,662	\$ 558,624	\$ 487,418	\$ 453,912	\$ 393,640	\$ 204,920	\$ 92,658	\$ 212,307
University's Covered Payroll (3)	\$ 1,302,872	\$ 1,237,961	\$ 1,188,019	\$ 1,151,733	\$ 1,103,905	\$ 1,120,516	\$ 1,066,940	\$ 1,024,891	\$ 1,053,556
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	9.48%	56.36%	47.02%	42.32%	41.12%	35.13%	19.21%	9.04%	20.15%
FRS Plan Fiduciary Net Position as a Percentage of the FRS Total Pension Liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

Notes:

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

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

(3) Covered payroll includes active employees who are members of the following plans: defined benefit, Investment Plan, State University Optional Retirement Program, and DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part 111 of Chapter 121, Florida Statutes.

Schedule of University Contributions - Florida Retirement System (FRS) Defined Benefit Pension Plan (amounts expressed in thousands)

	2022 (1)	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually Required FRS Contribution	\$ 74,394	\$ 62,313	\$ 53,483	\$ 50,296	\$ 46,118	\$ 39,948	\$ 38,018	\$ 38,681	\$ 33,264
FRS Contributions in Relation to the Contractually Required FRS Contribution	(74,394)	(62,313)	(53,483)	(50,296)	(46,118)	(39,948)	(38,018)	(38,681)	(33,264)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's Covered Payroll (2)	\$ 1,316,348	\$ 1,302,872	\$ 1,237,961	\$ 1,188,019	\$ 1,151,733	\$ 1,103,905	\$ 1,120,516	\$ 1,066,940	\$ 1,024,891
FRS Contributions as a Percentage of Covered Payroll	5.65%	4.78%	4.32%	4.23%	4.00%	3.62%	3.39%	3.63%	3.25%

Notes:

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

(2) Covered payroll includes active employees who are members of the following plans: defined benefit, Investment Plan, State University Optional Retirement Program, and DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of University's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Defined Benefit Pension Plan (amounts expressed in thousands)

	2021 (1) (2)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's Proportion of the HIS Net Pension Liability	1.52%	1.50%	1.49%	1.48%	1.47%	1.47%	1.46%	1.41%	1.38%
University's Proportionate Share of the HIS Net Pension Liability	\$ 185,948	\$ 183,670	\$ 166,255	\$ 156,701	\$ 157,259	\$ 171,405	\$ 148,826	\$ 131,970	\$ 120,064
University's Covered Payroll (3)	\$ 483,686	\$ 471,174	\$ 452,885	\$ 442,718	\$ 431,630	\$ 435,952	\$ 413,619	\$ 396,472	\$ 382,427
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll	38.44%	38.98%	36.71%	35.40%	36.43%	39.32%	35.98%	33.29%	31.40%
HIS Plan Fiduciary Net Position as Percentage of the HIS Total Pension Liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	1.78%

Notes:

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

(2) Change of assumption - The municipal rate used to determine total pension liability decreased from 2.21% to 2.16%.

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

Schedule of University Contributions - Health Insurance Subsidy (HIS) Defined Benefit Pension Plan (amounts expressed in thousands)

	2022 (1)	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually Required HIS Contribution	\$ 9,468	\$ 8,910	\$ 8,668	\$ 8,251	\$ 8,029	\$ 7,784	\$ 7,538	\$ 5,578	\$ 4,835
HIS Contributions in Relation to the Contractually Required HIS Contribution	(9,468)	(8,910)	(8,668)	(8,251)	(8,029)	(7,784)	(7,538)	(5,578)	(4,835)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's Covered Payroll (2)	\$ 492,903	\$ 483,686	\$ 471,174	\$ 452,885	\$ 442,718	\$ 431,630	\$ 435,952	\$ 413,619	\$ 396,472
HIS Contributions as a Percentage of Covered Payroll	1.92%	1.84%	1.84%	1.82%	1.81%	1.80%	1.73%	1.35%	1.22%

Notes:

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

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



Sherrill F. Norman, CPA
Auditor General

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 7, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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, CPA
Tallahassee, Florida
March 7, 2023
Audit Report No. 2023-140

UNIVERSITY OF FLORIDA BOARD OF TRUSTEES



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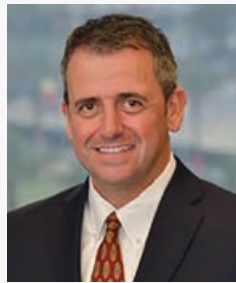
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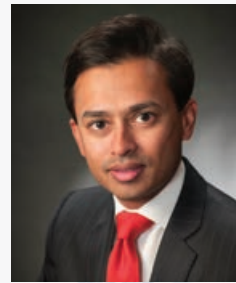
JAMES W. HEAVENER



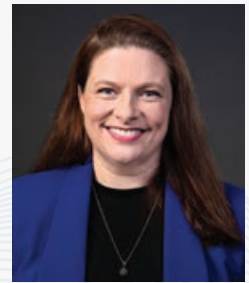
LAUREN D. LEMASTERS
Student Body President



DANIEL T. O'KEEFE



RAHUL PATEL



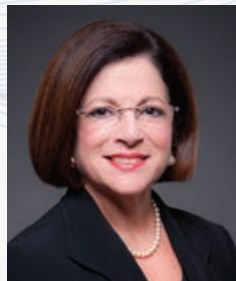
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Olga N. Weider
Assistant Vice President and
University Controller

Matthew H. Ellis
Senior Associate Controller

Ruth E. Harris
Senior Associate Controller

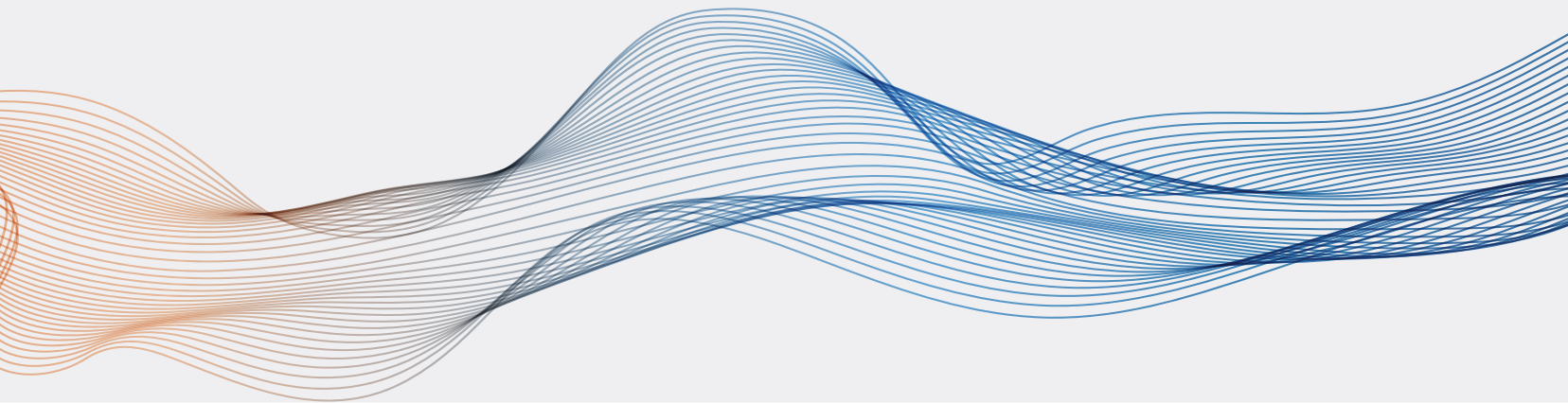
Laura B. Ling
Senior Associate Controller

MOMENTUM

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