STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2023-149
March 2023

UNIVERSITY OF WEST FLORIDA

For the Fiscal Year Ended
June 30, 2022

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2021-22 fiscal year, Dr. Martha D. Saunders served as President of the University of West Florida and the following individuals served as Members of the Board of Trustees:

Suzanne Lewis, Chair
Jill Singer, Vice Chair from 9-16-21 [a]
Richard R. Baker
Lewis Bear Jr.
William Bowers
Ruben Gardner through 3-31-22 [b]
Dr. Paul Hsu
Robert L. Jones
Patrick Marshall from 4-1-22 [b]
Dr. Sherry Schneider [c]
Alonzie Scott
Robert D. Sires
Stephanie White

[a] Vice Chair position vacant 7-1-21, through 9-15-21.
[b] Student Body President.
[c] Faculty Senate Chair.

Note: One Trustee position was vacant for the entire period.

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

The team leader was Christy L. Johnson, CPA, and the audit was supervised by Kenneth C. Danley, CPA.

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

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State of Florida Auditor General

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UNIVERSITY OF WEST FLORIDA

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SUMMARY

Summary of Report on the Audit of the Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

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

Audit Methodology

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

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

Phone: (850) 412-2722
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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 West 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 West 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 the University's Proportionate Share of the Total Other Postemployment Benefits Liability**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of University Contributions – Florida Retirement System Pension Plan**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of University Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2023, on our consideration of the University of West 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 West Florida's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

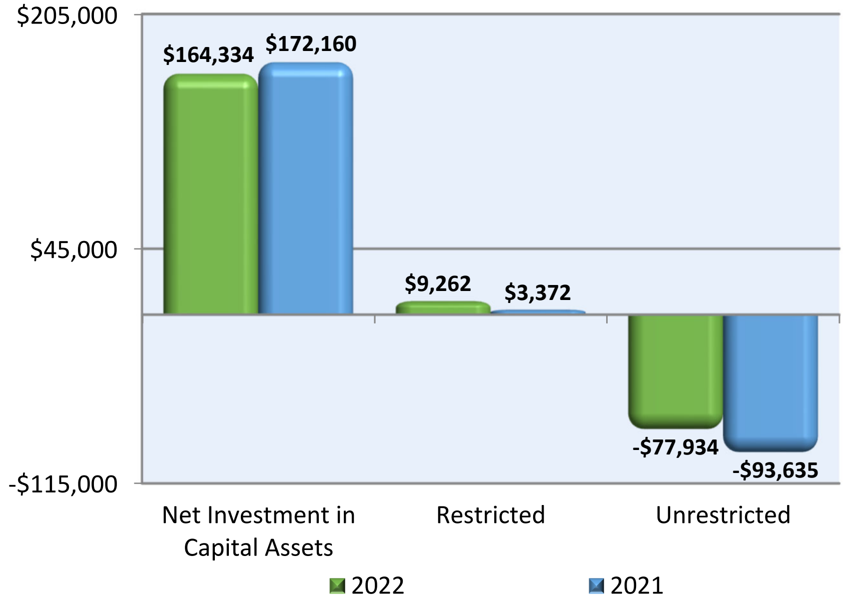
FINANCIAL HIGHLIGHTS

The University's assets and deferred outflows of resources totaled $340.4 million at June 30, 2022. This balance reflects a $6.8 million, or 2 percent, decrease as compared to the 2020-21 fiscal year, resulting largely from a decrease in deferred outflows related to pensions. Liabilities and deferred inflows of resources totaled $244.7 million at June 30, 2022, and decreased by $20.6 million, or 7.8 percent, resulting largely from a decrease in the net pension liability that was partially offset by an increase in deferred inflows related to pensions. As a result, the University's net position increased by $13.8 million, resulting in a fiscal year-end balance of $95.7 million.

The University's operating revenues totaled $93.8 million for the 2021-22 fiscal year, representing a 10.5 percent increase compared to the 2020-21 fiscal year due mainly to an increase in student tuition and fees related to post-pandemic enrollment growth, and an increase in Federal grants. Operating expenses totaled $232.8 million for the 2021-22 fiscal year, representing a decrease of 4.5 percent as compared to the 2020-21 fiscal year due mainly to a decrease in compensation and benefits related to a decrease in pension expense, that was partially offset by an increase in scholarships, fellowships, and waivers awarded to students.

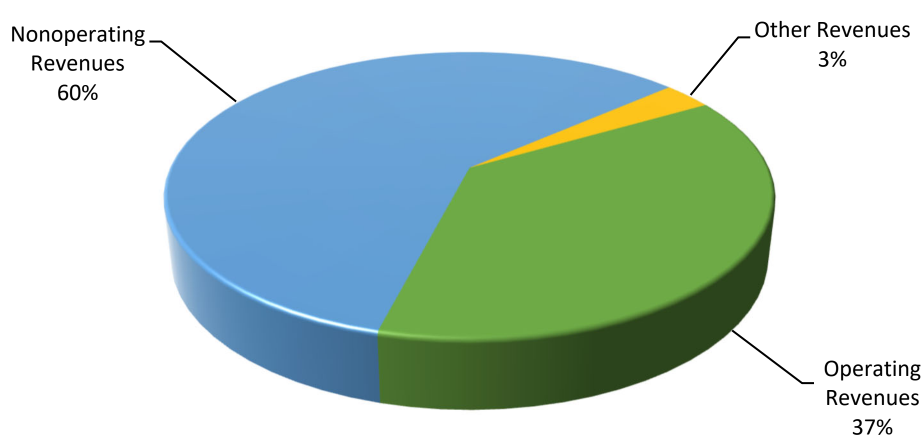
Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2022, and June 30, 2021, is shown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

Net Position
(In Thousands)



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

Total Revenues
2021-22 Fiscal Year



Overview of Financial Statements

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

- University of West Florida Foundation, Inc.

- West Florida Historic Preservation, Inc.
- UWF Business Enterprises, Inc.

Based on the application of the criteria for determining component units, these component units are included within the University reporting entity as discretely presented component units. Information regarding these component units, including summaries of the discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component units. For those component units reporting under GASB standards, MD&A information is included in their separately issued audit reports.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	2022	2021
Assets		
Current Assets	$ 124,064	$ 115,146
Capital Assets, Net	169,428	172,160
Other Noncurrent Assets	1,134	2,038
Total Assets	294,626	289,344
Deferred Outflows of Resources	45,754	57,868
Liabilities		
Current Liabilities	13,649	19,797
Noncurrent Liabilities	150,425	200,482
Total Liabilities	164,074	220,279
Deferred Inflows of Resources	80,644	45,036
Net Position		
Net Investment in Capital Assets	164,334	172,160
Restricted	9,262	3,372
Unrestricted	(77,934)	(93,635)
Total Net Position	$ 95,662	$ 81,897

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

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

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

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

(In Thousands)

	2021-22	2020-21
Operating Revenues	$ 93,848	$ 84,893
Less, Operating Expenses	232,842	243,803
Operating Loss	(138,994)	(158,910)
Net Nonoperating Revenues	145,066	131,516
Income (Loss) Before Other Revenues	6,072	(27,394)
Other Revenues	7,804	1,453
Net Increase (Decrease) In Net Position	13,876	(25,941)
Net Position, Beginning of Year	81,897	107,838
Adjustment to Beginning Net Position (1)	(111)	-
Net Position, Beginning of Year, as Restated	81,786	107,838
Net Position, End of Year	$ 95,662	$ 81,897

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

Operating Revenues

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

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

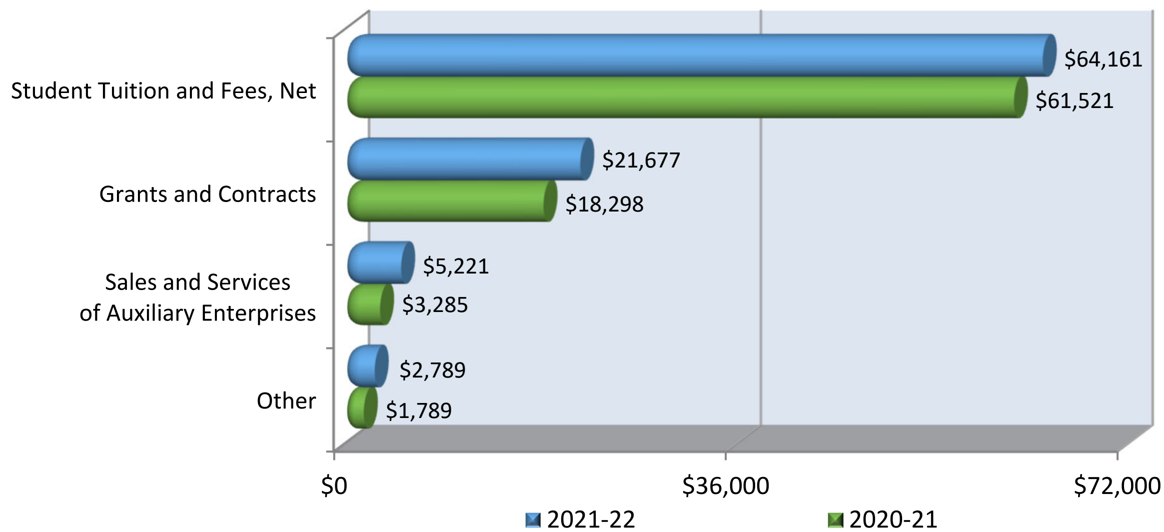
Operating Revenues
For the Fiscal Years

(In Thousands)

	2021-22	2020-21
Student Tuition and Fees, Net	$ 64,161	$ 61,521
Grants and Contracts	21,677	18,298
Sales and Services of Auxiliary Enterprises	5,221	3,285
Other	2,789	1,789
Total Operating Revenues	$ 93,848	$ 84,893

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

Operating Revenues
(In Thousands)



Total operating revenues for the 2021-22 fiscal year were $93.8 million, of which $64.2 million was from net student tuition and fees. Tuition allowances, which represent the difference between the stated charges for goods and services provided by the University and the amount that is actually paid by a student or third party making payments on behalf of the student, totaled $27.6 million and are deducted from gross student tuition and fees of $91.8 million to arrive at net student tuition and fees. Net student tuition and fees totaled $64.2 million for the 2021-22 fiscal year, which represented a $2.6 million increase from the 2020-21 fiscal year resulting from an increase in student credit hours taken. The $3.4 million increase in grants and contracts revenue is mainly attributable to the National Cybersecurity grant and awards for the Small Business Development Center at the University. Lastly, sales and services of auxiliary enterprises were $5.2 million, an increase of $1.9 million compared to the 2020-21 fiscal year. The increase in the auxiliary enterprises is attributed to the return to the pre-pandemic level of sales and services across all sectors.

Operating Expenses

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

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

Operating Expenses For the Fiscal Years

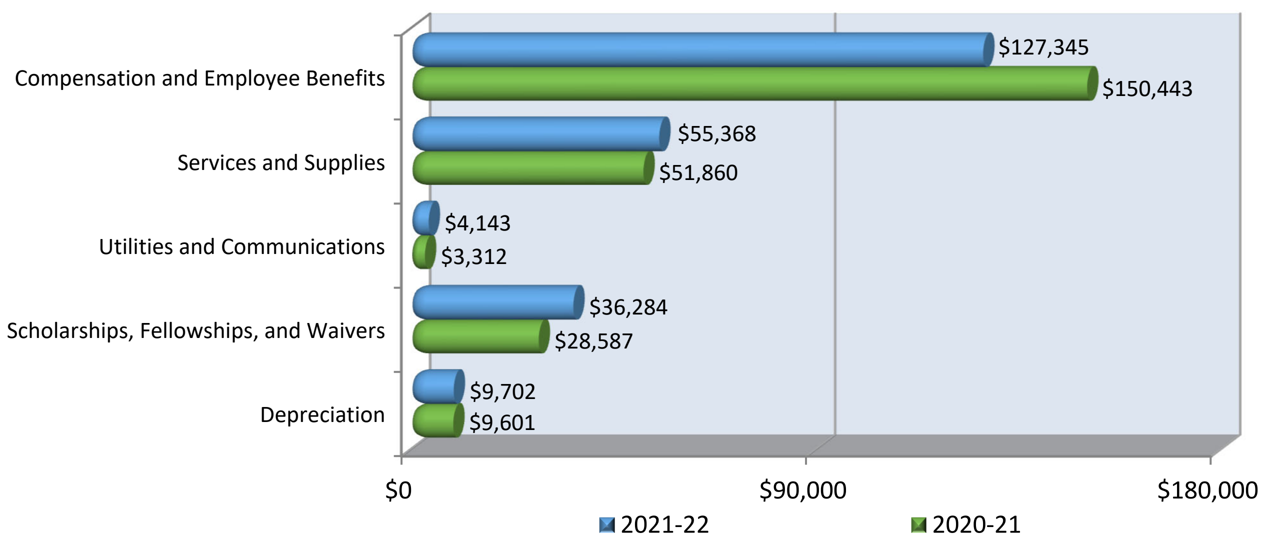
(In Thousands)

	2021-22	2020-21
Compensation and Employee Benefits	$ 127,345	$ 150,443
Services and Supplies	55,368	51,860
Utilities and Communications	4,143	3,312
Scholarships, Fellowships, and Waivers	36,284	28,587
Depreciation	9,702	9,601
Total Operating Expenses	$ 232,842	$ 243,803

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

Operating Expenses

(In Thousands)



Compensation and employee benefits decreased by $23.1 million, and the majority of that amount is due to the decrease in pension expenses for the 2021-22 fiscal year. Services and supplies increased by $3.5 million for the 2021-22 fiscal year mainly due to Higher Education Emergency Relief Funds (HEERF) institutional aid funding used by departments to ensure spending timeline compliance. In keeping with the increase in credit hours and net tuition and fees for the 2021-22 fiscal year, scholarship expenses increased by $7.7 million.

Nonoperating Revenues and Expenses

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

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Thousands)

	2021-22	**2020-21**
State Noncapital Appropriations	$ 87,491	$ 86,909
Federal and State Student Financial Aid	52,847	39,554
Noncapital Grants, Contracts, and Gifts	5,666	4,587
Investment Income (Loss)	(4,195)	870
Other Nonoperating Revenues	3,515	3,085
Loss on Disposal of Capital Assets	(110)	(699)
Interest on Capital Asset-Related Debt	(148)	-
Other Nonoperating Expenses	-	(2,790)
Net Nonoperating Revenues	$ 145,066	$ 131,516

The $13.3 million increase in Federal and State student financial aid was mainly due to the increase in student credit hours and associated aid applied for, as well as HEERF student aid awards. The $5.1 million decrease in net investment income is due to turbulent returns in the investment markets. Other nonoperating expenses decreased by $2.8 million to nothing in the current fiscal year as the amount from last fiscal year was HEERF expenses related to lost revenues.

Other Revenues

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

Other Revenues
For the Fiscal Years

(In Thousands)

	2021-22	**2020-21**
State Capital Appropriations	$ 7,492	$ 1,309
Capital Grants, Contracts, Donations, and Fees	312	144
Total	$ 7,804	$ 1,453

The $6.2 million increase in State capital appropriations resulted from an increase in State funding for construction projects.

The Statement of Cash Flows

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

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

Condensed Statement of Cash Flows
For the Fiscal Years

(In Thousands)

	2021-22	2020-21
Cash Provided (Used) by:		
Operating Activities	$ (134,178)	$ (140,217)
Noncapital Financing Activities	146,613	136,142
Capital and Related Financing Activities	(492)	(473)
Investing Activities	(9,479)	5,694
Net Increase in Cash and Cash Equivalents	2,464	1,146
Cash and Cash Equivalents, Beginning of Year	10,505	9,359
Cash and Cash Equivalents, End of Year	$ 12,969	$ 10,505

Major sources of funds came from proceeds from State noncapital appropriations ($87.5 million), sales and maturities of investments ($80 million), net student tuition and fees ($62.9 million), Federal and State student financial aid ($52.8 million), Federal Direct Loan Program receipts ($41 million), and grants and contracts ($23.2 million). Major uses of funds were for payments to employees totaling $131.1 million, purchases of investments totaling $90.3 million, payments to suppliers for goods and services totaling $59.6 million, disbursements to students for the Federal Direct Loan Program totaling $41 million, and payments to students for scholarships and fellowships totaling $36.3 million.

CAPITAL ASSETS AND CAPITAL EXPENSES AND COMMITMENTS

Capital Assets

At June 30, 2022, the University had $366.2 million in capital assets, less accumulated depreciation of $196.8 million, for net capital assets of $169.4 million. Depreciation charges for the current fiscal year totaled $9.7 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	2022	2021
Land	$ 11,589	$ 11,589
Works of Art and Historical Treasures	17,194	16,882
Construction in Progress	895	3,463
Buildings	110,138	114,975
Infrastructure and Other Improvements	15,159	13,101
Furniture and Equipment	9,050	10,136
Right-to-Use Lease Assets	3,636	-
Leasehold Improvements	1,767	2,012
Computer Software	-	2
Capital Assets, Net	$ 169,428	$ 172,160

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

Capital Expenses and Commitments

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

	Amount (In Thousands)
Total Committed	$ 1,548
Completed to Date	895
Balance Committed	$ 653

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

Economic Factors That Will Affect the Future

The University's economic condition is closely tied to that of the State of Florida. Because of economic growth, for the 2022-23 fiscal year, the University received just over $10 million in new recurring resources, $6 million for operational needs, and $4.8 million directed towards the Nursing Program. University management continues to aggressively pursue a continuous performance improvement plan. Although there is no longer any funding associated with placing in the top three on performance metrics, the University will receive a portion of the performance funding State investment allocation as a component of the State noncapital appropriations.

Requests for Information

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Controller's Office, University of West Florida, 11000 University Parkway, Building 20E, Pensacola, Florida 32514.

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

June 30, 2022

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 11,834,920	$ 5,140,026
Investments	90,441,130	11,005,992
Accounts Receivable, Net	12,938,641	332,040
Contributions Receivable, Net	-	964,882
Loans and Notes Receivable, Net	7,625	136,680
Leases Receivable	-	133,848
Due from State	8,831,110	-
Due from University	-	385,876
Inventories	-	75,486
Other Current Assets	10,726	238,829
Total Current Assets	124,064,152	18,413,659
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	1,134,190	1,565,886
Restricted Investments	-	106,173,779
Contributions Receivable, Net	-	2,560,695
Leases Receivable	-	1,237,205
Depreciable Capital Assets, Net	136,113,047	47,442,514
Right-to-Use Lease Assets	3,635,638	-
Nondepreciable Capital Assets	29,678,953	6,016,903
Other Noncurrent Assets	-	3,717,543
Total Noncurrent Assets	170,561,828	168,714,525
Total Assets	294,625,980	187,128,184
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	28,449,531	-
Pensions	17,304,725	-
Total Deferred Outflows of Resources	45,754,256	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,466,230	210,921
Construction Contracts Payable	28,032	-
Salary and Wages Payable	5,160,889	-
Deposits Payable	445,431	-
Due to Component Units	385,876	-
Unearned Revenue	719,840	98,881
Other Current Liabilities	10,348	106,436
Long-Term Liabilities - Current Portion:		
Bonds Payable	-	2,996,456
Revenue Received in Advance	1,071,443	543,071
Right-to-Use Leases Payable	737,270	-
Compensated Absences Payable	1,774,536	-
Other Postemployment Benefits Payable	1,770,800	-
Net Pension Liability	78,690	-
Total Current Liabilities	13,649,385	3,955,765

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	-	32,238,219
Revenue Received in Advance	8,647,468	7,833,057
Right-to-Use Leases Payable	2,970,390	-
Compensated Absences Payable	13,724,052	580,972
Other Postemployment Benefits Payable	99,439,956	-
Net Pension Liability	25,643,026	-
Other Noncurrent Liabilities	-	1,820,783
Total Noncurrent Liabilities	150,424,892	42,473,031
Total Liabilities	164,074,277	46,428,796
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	38,330,430	-
Pensions	40,927,494	-
Leases	1,385,827	1,320,994
Irrevocable Split-Interest Agreements	-	1,400,111
Total Deferred Inflows of Resources	80,643,751	2,721,105
NET POSITION		
Net Investment in Capital Assets	164,334,151	18,224,742
Restricted for Nonexpendable:		
Endowment	-	71,258,481
Restricted for Expendable:		
Loans	460,645	-
Capital Projects	8,801,037	-
Other	-	51,132,734
Unrestricted	(77,933,625)	(2,637,674)
TOTAL NET POSITION	$ 95,662,208	$ 137,978,283

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

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

For the Fiscal Year Ended June 30, 2022

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $27,663,284	$ 64,160,603	$ -
Federal Grants and Contracts	20,421,787	-
State and Local Grants and Contracts	1,255,391	-
Sales and Services of Component Units	-	1,711,089
Sales and Services of Auxiliary Enterprises	5,221,164	-
Gifts and Donations	-	7,605,846
Other Operating Revenues	2,789,443	10,767,940
Total Operating Revenues	93,848,388	20,084,875
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	127,344,646	3,298,905
Services and Supplies	55,368,208	6,649,119
Utilities and Communications	4,143,549	1,589,113
Scholarships, Fellowships, and Waivers	36,284,190	3,601
Depreciation	9,702,047	3,708,492
Total Operating Expenses	232,842,640	15,249,230
Operating Income (Loss)	(138,994,252)	4,835,645
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	87,491,158	-
Federal and State Student Financial Aid	52,847,024	-
Noncapital Grants, Contracts, and Gifts	5,665,920	-
Investment Loss	(4,195,050)	(13,346,299)
Other Nonoperating Revenues	3,515,257	736,409
Loss on Disposal of Capital Assets	(110,258)	-
Interest on Capital Asset-Related Debt	(147,804)	(1,337,671)
Other Nonoperating Expenses	-	(5,677,745)
Net Nonoperating Revenues (Expenses)	145,066,247	(19,625,306)
Income (Loss) Before Other Revenues	6,071,995	(14,789,661)
State Capital Appropriations	7,491,795	-
Capital Grants, Contracts, Donations, and Fees	312,021	-
Additions to Permanent Endowments	-	2,424,134
Increase (Decrease) in Net Position	13,875,811	(12,365,527)
Net Position, Beginning of Year	81,897,076	150,346,099
Adjustment to Beginning Net Position	(110,679)	(2,289)
Net Position, Beginning of Year, as Restated	81,786,397	150,343,810
Net Position, End of Year	$ 95,662,208	$ 137,978,283

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

UNIVERSITY OF WEST FLORIDA
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2022

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 62,864,515
Grants and Contracts	23,224,406
Sales and Services of Auxiliary Enterprises	5,221,164
Payments to Employees	(131,115,971)
Payments to Suppliers for Goods and Services	(59,596,854)
Payments to Students for Scholarships and Fellowships	(36,284,190)
Collection on Loans to Students	(2,292)
Other Operating Receipts	1,511,052
Net Cash Used by Operating Activities	(134,178,170)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	87,491,158
Federal and State Student Financial Aid	52,847,024
Noncapital Grants, Contracts, and Gifts	5,432,423
Federal Direct Loan Program Receipts	40,978,420
Federal Direct Loan Program Disbursements	(40,978,420)
Net Change in Funds Held for Others	(2,550,403)
Other Nonoperating Receipts	3,392,812
Net Cash Provided by Noncapital Financing Activities	146,613,014
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt and Leases	1,427,725
State Capital Appropriations	1,535,919
Purchase or Construction of Capital Assets	(2,732,692)
Principal Paid on Capital Debt and Leases	(575,268)
Interest Paid on Capital Debt and Leases	(147,804)
Net Cash Used by Capital and Related Financing Activities	(492,120)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	80,000,000
Purchases of Investments	(90,282,894)
Investment Income	804,574
Net Cash Used by Investing Activities	(9,478,320)
Net Increase in Cash and Cash Equivalents	2,464,404
Cash and Cash Equivalents, Beginning of Year	10,504,706
Cash and Cash Equivalents, End of Year	$ 12,969,110

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (138,994,252)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	9,702,047
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	5,570,586
Other Assets	(13,018)
Accounts Payable	(84,719)
Salaries and Wages Payable	(848,882)
Deposits Payable	77,504
Compensated Absences Payable	(288,883)
Unearned Revenue	(4,389,007)
Revenue Received in Advance	(2,286,335)
Other Liabilities	10,349
Other Postemployment Benefits Payable	4,498,351
Net Pension Liability	(53,467,066)
Deferred Outflows of Resources Related to Other Postemployment Benefits	2,135,943
Deferred Inflows of Resources Related to Other Postemployment Benefits	(3,919,697)
Deferred Outflows of Resources Related to Pensions	9,977,631
Deferred Inflows of Resources Related to Pensions	38,141,278
NET CASH USED BY OPERATING ACTIVITIES	$ (134,178,170)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized losses on investments were recognized as a reduction to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (4,960,041)
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (110,258)
Donations of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 312,021
Lease additions were recorded as increases to long-term debt and capital assets on the statement of net position, but are not cash transactions for the statement of cash flows.	$ 4,618,067

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) are included within the University reporting entity as discretely presented component units. These legally separate, not-for-profit, corporations are organized and operated to assist the University in achieving excellence by providing supplemental resources from private gifts and bequests and valuable education support services and are governed by separate boards. Florida Statutes authorize these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

- University of West Florida Foundation, Inc. provides funding and services to support and foster the pursuit of higher education at the University and operates solely for the benefit of the University and its mission of teaching, research, and service. The Foundation serves as the vehicle whereby taxpayers who want to advance the cause of higher education and to pay more than their share of the cost of education may do so. The Foundation does not serve any private causes, but generally benefits the public.
- West Florida Historic Preservation, Inc. was established to engage in the restoration and exhibition of historical landmarks in the Pensacola, Florida vicinity. This organization conducts certain activities and programs that assist and promote the purposes of the University.
- UWF Business Enterprises, Inc. was established to receive, hold, develop, provide, maintain, and administer property and to make expenditures to or for the exclusive benefit of the University or

a research and development park or research and development authority of or affiliated with the University and to promote, encourage, and aid the research activities of faculty, staff, and students of the University.

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

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

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

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

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

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

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

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

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

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

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

Capital Assets. University capital assets consist of land, works of art and historical treasures, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, right-to-use lease assets, leasehold improvements, and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of $5,000 for tangible personal property, and $50,000 for new buildings and building improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 10 to 50 years
- Infrastructure and Other Improvements – 10 to 50 years
- Furniture and Equipment – 5 to 20 years
- Library Resources – 10 years

- Leasehold Improvements – 10 years or the term of the lease, whichever is greater
- Computer Software – 5 years

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

Lessor arrangements are included in lease receivables and deferred inflows of resources in the statement of net position. Lease receivables represent the University's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at the commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. The University recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. The University also recognizes payments received on leases with an initial calculated net present value of one hundred thousand dollars or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statement of net position.

Noncurrent Liabilities. Noncurrent liabilities include revenue received in advance, right-to-use leases payable, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year.

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

2. Reporting Change

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

3. Adjustment to Beginning Net Position

The beginning net position of the University was decreased by $110,679 due to the implementation of GASB Statement No. 87, *Leases*, and the discretely presented component units beginning net position decreased by $2,289 for implementing the same standard.

4. Deficit Net Position in Individual Funds

The University reported an unrestricted net position which included a deficit in the current unrestricted and restricted funds as shown below.

Fund	Net Position
Current Unrestricted:	
General Revenue Fund	$ (154,191,863)
All Other Current Unrestricted Funds	76,372,591
Current Restricted	(114,353)
Total	$ (77,933,625)

As shown in the following schedule, this deficit can be attributed to the full recognition of long-term liabilities (e.g., compensated absences payable, other postemployment benefits (OPEB) payable, and net pension liabilities) in the current unrestricted funds that are expected to be paid over time and financed by future appropriations.

Description		Amount
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources		$ 98,001,103
Amount Expected to be Financed in Future Years:		
Compensated Absences Payable	$ (15,498,588)	
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(111,091,655)	
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(49,344,485)	
Total Amount Expected to be Financed in Future Years		(175,934,728)
Total Unrestricted Net Position		$ (77,933,625)

5. Investments

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

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

All of the University's recurring fair value measurements as of June 30, 2022, are valued using quoted market prices (Level 1 inputs), with the exception of corporate bonds and notes and Obligations of United States (U.S.) Government Agencies and Instrumentalities which are valued using a matrix pricing model (Level 2 inputs) and investments with the State Treasury which are valued based on the University's share of the pool (Level 3 inputs).

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

Investments by Fair Value Level	Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	$ 58,698,637	$ -	$ -	$ 58,698,637
United States Treasury Securities	5,441,662	5,441,662	-	-
Obligations of United States Government				
Agencies and Instrumentalities	2,000,804	-	2,000,804	-
Bonds and Notes	17,227,238	-	17,227,238	-
Mutual Funds:				
Equities	5,913,351	5,913,351	-	-
Total Investments by Fair Value Level	89,281,692	$ 11,355,013	$ 19,228,042	$ 58,698,637
Investments at Amortized Cost				
SBA Florida Prime	1,159,438			
Total Investments	$ 90,441,130			

External Investment Pools.

The University reported investments at fair value totaling $58,698,637 at June 30, 2022, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.66 years, and fair value factor of 0.9479 at June 30, 2022. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

At June 30, 2022, the University reported investments totaling $1,159,438 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The University's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 28 days as of June 30, 2022. A portfolio's WAM reflects the average maturity in days, based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the

Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

Section 218.409(8)(a), Florida Statutes, provides that "the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Other Investments.

The following risks apply to the University's investments in 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 in debt securities and bonds and notes, and their future maturities at June 30, 2022, are as follows:

University Debt Investments Maturities

		Investments Maturities (In Years)		
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**More Than 5**
United States Treasury Securities	$ 5,441,662	$ -	$ 5,441,662	$ -
Obligations of United States Government Agencies and Instrumentalities	2,000,804	15,944	551,801	1,433,059
Bonds and Notes	17,227,238	1,638,819	14,979,390	609,029
Total Investments	$ 24,669,704	$ 1,654,763	$ 20,972,853	$ 2,042,088

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

University Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A
United States Treasury Securities	$ 5,441,662	$ 5,441,662	$ -	$ -	$ -
Obligations of United States Government Agencies and Instrumentalities	2,000,804	2,000,804	-	-	-
Bonds and Notes	17,227,238	6,004,417	3,633,669	7,489,315	99,837
Total Investments	$ 24,669,704	$ 13,446,883	$ 3,633,669	$ 7,489,315	$ 99,837

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's investment policies require diversification sufficient to reduce the potential of a single security, single sector of securities, or single style of management having a disproportionate or significant impact on the portfolio. The University's policy considers credit risk on an investment type basis and established that in equities, no more than 10 percent of the portfolio should be invested in any one company.

Component Units' Investments.

The University of West Florida Foundation, Inc. (Foundation) has an investment policy which provides guidelines for the investment of Foundation assets. The purpose of these assets is to further the overall mission of the University. The objectives of the assets are the enhancement of capital and real purchasing power while limiting exposure to risk of loss. Real purchasing power of real rate of return will be defined as returns in excess of inflation as defined by Consumer Price Index. The investment policy provides information on authorized asset classes, target allocations and ranges of acceptable investment categories.

Investments held by the Foundation at June 30, 2022, are reported at fair value as follows:

Investments by Fair Value Level	Amount	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 Measured at Fair Value:				
Equity Securities - Domestic and International	$ 60,299,773	$ 59,091,680	$ 1,208,093	$ -
Debt Securities	18,712,330	13,162,474	5,549,856	-
External Investment Pool:				
State Treasury Special Purpose Investment Account	7,257,004	-	-	7,257,004
Alternative Investments:				
Private Equity Investments	4,676,741	-	-	4,676,741
Real Estate Investment Trust	5,016,157	-	-	5,016,157
Total Alternative Investments	9,692,898	-	-	9,692,898
Total Investments by Fair Value Level	95,962,005	$ 72,254,154	$ 6,757,949	$ 16,949,902
Investments Measured at Net Asset Value (NAV):				
Fund of Fund Hedge Funds	9,350,727			
Private Equity Investments	11,113,834			
Total Investments Measured at NAV	20,464,561			
Total Investments	$ 116,426,566			

Other information for investments measured at NAV or its equivalent follows:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fund of Fund Hedge Funds:				
Equity Market Neutral	$ 9,350,727	$ -	Quarterly to Semi-annual	95 Days
Private Equity Investments	11,113,834	3,489,779	N/A (1)	N/A (1)
Total Investments Measured at NAV	$ 20,464,561	$ 3,489,779		

(1) These funds are in private equity structures with no ability to be redeemed.

The investments above of $116,426,566 at fair value, and certificates of deposits totaling $573,550 equal a total investment holding for the Foundation of $117,000,116 at June 30, 2022.

Fair Value Measurement: Equity Securities: Investments in equity securities are measured at fair value using quoted market prices. The majority are classified as Level 1 when they are traded in an active market for which closing stock prices are readily available, and a smaller portion is classified as Level 2 when significant other observable inputs are used to ascertain their value.

Debt Securities: Investments in fixed income securities are classified as Level 1 as they trade with sufficient frequency and volume to enable the Foundation to obtain pricing information on an ongoing basis. However, a small segment of debt security holdings is in a High Yield Commingled Fund where there are inputs, other than quoted prices included in Level 1, that are observable, either directly or indirectly, and therefore included in Level 2.

External Investment Pool: Investments in the SPIA are classified as Level 3.

Alternative Investments: Investments in private equity partnerships for which there is no readily determinable fair value are classified as Level 3 as the valuation is based on significant unobservable inputs.

Private Equity and Real Estate Investment Trust: Private equity and real estate investment trust funds for which there are not readily determinable fair values are classified as Level 3 as the valuation is based on significant unobservable inputs. Private equity and real estate investment trusts are partnerships formed for the purpose of acquiring, holding, managing and selling income producing real estate and real estate related assets, including interests in joint venture development projects for current income or investment and capital appreciation over a 3 to 5 year holding period.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. It is the Foundation's policy to require that all securities be held by the Foundation's agent in the Foundation's name. The Foundation's investments as of June 30, 2022, excluding mutual funds, alternative investments, and the external investment pool are uninsured and registered with securities held by the Foundation's agent in the Foundation's name. Mutual funds and alternative investments do not have specific securities, are uninsured and are held in the book entry form.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy requires diversification of investments sufficient to reduce the potential of a single security, single sector of securities, or single investment manager having a disproportionate or significant impact on the portfolio. Guidelines for individual sectors of the portfolio further indicate percentage limitations. Disclosure of any issuer of investments that in the aggregate is 5 percent or more of the portfolio is required to be disclosed as a concentration of credit risk (investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt). As of June 30, 2022, there were no concentrations of credit risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2022, the credit quality ratings of the Foundation's debt securities were as follows:

Standard & Poor's Credit Rating	Amount
AAA	$ 7,842,665
AA	672,208
A	2,279,500
BBB	4,161,741
BB	3,095,789
B	539,959
Below B	120,468
Total Debt Securities Investments	$ 18,712,330

Credit Risk for alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The schedule above only reflects the credit risk related to debt securities that are directly held by the Foundation.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's policy for managing its exposure to fair value loss occurring from interest rate risk is through maintaining diversification of its investments and investment maturities so as to minimize the impact of downturns in the market as stated above.

As of June 30, 2022, the Foundation's debt securities of $18,712,330 had weighted average maturities of:

Total Fair Value	Less than 1 year	1 - 5 years
$ 18,712,330	$ 7,552,787	$ 11,159,543

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. It is the Foundation's policy to limit its exposure to foreign currency risk by limiting the asset allocation in international investments in accordance with the established targets in the approved investment policy. As of June 30, 2022, the Foundation did not have any direct investments subject to this risk. As of June 30, 2022, the Foundation's assets were held in U.S. currency; the currency risk on international and global assets is absorbed by the underlying investment managers.

Investments held by West Florida Historic Preservation, Inc. at June 30, 2022, consist of certificates of deposits totaling $179,655.

6. Receivables

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

Description	Amount
Contracts and Grants	$ 9,581,497
Student Tuition and Fees	3,389,464
Gross Accounts Receivable	12,970,961
Less Allowances for Doubtful Accounts	32,320
Total Accounts Receivable	$ 12,938,641

Allowances for doubtful accounts and loans and notes receivable are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. No allowance has been accrued for contracts and grants receivable. University management considers these to be fully collectible.

7. Due From State

The amount due from State consists of $8,831,110 of Public Education Capital Outlay and Capital Improvement Fee Trust Fund moneys due from the State to the University for construction of University facilities.

8. Capital Assets

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

Description	Beginning Balance	Adjustments	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:					
Land	$ 11,589,150	$ -	$ -	$ -	$ 11,589,150
Works of Art and Historical Treasures	16,882,362	-	312,021	-	17,194,383
Construction in Progress	3,463,024	-	895,420	3,463,024	895,420
Total Nondepreciable Capital Assets	$ 31,934,536	$ -	$ 1,207,441	$ 3,463,024	$ 29,678,953
Depreciable Capital Assets:					
Buildings	$ 222,241,595	$ -	$ 210,492	$ -	$ 222,452,087
Infrastructure and Other Improvements	38,872,758	-	3,463,022	-	42,335,780
Furniture and Equipment	37,261,247	-	1,480,614	1,990,280	36,751,581
Library Resources	27,241,529	-	354	-	27,241,883
Right-to-Use Lease Assets (1)	-	4,618,067	-	-	4,618,067
Leasehold Improvements	2,500,959	-	-	-	2,500,959
Computer Software	683,800	-	-	-	683,800
Total Depreciable Capital Assets	328,801,888	4,618,067	5,154,482	1,990,280	336,584,157
Less, Accumulated Depreciation:					
Buildings	107,265,676	-	5,049,257	-	112,314,933
Infrastructure and Other Improvements	25,772,405	-	1,404,891	-	27,177,296
Furniture and Equipment	27,125,060	-	2,456,444	1,880,022	27,701,482
Library Resources	27,241,529	-	32	-	27,241,561
Right-to-Use Lease Assets (1)	-	437,320	545,109	-	982,429
Leasehold Improvements	489,546	-	244,425	-	733,971
Computer Software	681,911	-	1,889	-	683,800
Total Accumulated Depreciation	188,576,127	437,320	9,702,047	1,880,022	196,835,472
Total Depreciable Capital Assets, Net	$ 140,225,761	$ 4,180,747	$ (4,547,565)	$ 110,258	$ 139,748,685

(1) Right-to-Use Lease Assets were added due to implementation of GASB Statement No. 87, *Leases*.

9. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2022, include revenue received in advance, loans and notes payable, right-to-use leases payable, compensated absences payable, other postemployment benefits payable, and net pension liability. Long-term liabilities activity for the fiscal year ended June 30, 2022, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue Received in Advance	$ 12,005,246	-	$ 2,286,335	$ 9,718,911	$ 1,071,443
Loans and Notes Payable	233,497	-	233,497	-	-
Right-to-Use Leases Payable	-	4,282,928	575,268	3,707,660	737,270
Compensated Absences Payable	15,787,471	1,598,574	1,887,457	15,498,588	1,774,536
Other Postemployment Benefits Payable	96,712,405	73,414,255	68,915,904	101,210,756	1,770,800
Net Pension Liability	79,188,782	12,956,312	66,423,378	25,721,716	78,690
Total Long-Term Liabilities	$ 203,927,401	$ 92,252,069	$ 140,321,839	$ 155,857,631	$ 5,432,739

Revenue Received in Advance. Revenue received in advance consists primarily of funds received but not yet earned under a grant from the State Economic Development Initiative. Total revenue received in advance at June 30, 2022, amounted to $9,718,911, with $1,071,443 expected to be earned during the 2022-23 fiscal year.

Right-to-Use 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 2040 and provide for renewal options ranging from 1 to 10 years. In accordance with GASB Statement No. 87, *Leases*, the University records right-to-use lease 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. The University does not have any leases subject to a residual value guarantee. See Note 8. Capital Assets for information on right-to-use lease assets and the associated accumulated depreciation. Future minimum payments under the lease agreements as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 737,270	$ 140,742	$ 878,012
2024	589,217	110,925	700,142
2025	386,063	91,532	477,595
2026	297,144	76,933	374,077
2027	263,378	65,735	329,113
2028-2032	919,346	176,317	1,095,663
2033-2037	302,104	82,786	384,890
2038-2040	213,138	17,763	230,901
Total Minimum Lease Payments	$ 3,707,660	$ 762,733	$ 4,470,393

Deferred Inflows of Resources: Leases. The University has one lease of space that was paid in full by the lessee before the lease commenced and, therefore, there is no associated receivable. The total amount of deferred inflow of the lease is $1,385,827 to be recognized at $50,394 per year until December 2049.

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2022, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $15,498,588. The current portion of the compensated absences liability, $1,774,536, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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

General Information about the OPEB Plan

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

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

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of $101,210,756 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. At June 30, 2021, the University's proportionate share, determined by its proportion of total benefit payments made, was 0.960195857497 percent, which was an increase of 0.020332102873 from its proportionate share reported as of June 30, 2020.

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

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

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

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

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the July 1, 2020, valuation were based on the 2019 Experience Study prepared by Milliman and adopted by the FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the July 1, 2020, valuation were based on a review of recent plan experience done concurrently with the July 1, 2020, valuation.

The following changes have been made since the prior valuation:

- Discount Rate – The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate decreased from 2.66 percent to 2.18 percent.
- Retirement – Retirement rates were updated to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019, with certain adjustments made to reflect the difference in the underlying populations. 60 percent of DSGI employees are assumed to become eligible for the Deferred Retirement Option Program (DROP), while the

remaining 40 percent are assumed to participate in plans which do not offer DROP benefits. Rates were previously those used in Milliman's actuarial valuation of FRS as of July 1, 2015. This change decreased the Total OPEB Liability by about 7 percent as of the valuation date.

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

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

	1% Decrease (1.18%)	**Current Discount Rate (2.18%)**	**1% Increase (3.18%)**
University's proportionate share of the total OPEB liability	$124,997,990	$101,210,756	$83,127,432

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

	1% Decrease	**Healthcare Cost Trend Rates**	**1% Increase**
University's proportionate share of the total OPEB liability	$80,496,003	$101,210,756	$129,609,827

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 $4,509,601. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,810,732
Change of assumptions or other inputs	10,885,246	33,519,698
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	15,762,011	-
Transactions subsequent to the measurement date	1,802,274	-
Total	$ 28,449,531	$ 38,330,430

Of the total amount reported as deferred outflows of resources related to OPEB, $1,802,274 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ (3,240,658)
2024	(3,240,658)
2025	(3,240,658)
2026	(1,378,794)
2027	(329,080)
Thereafter	(253,325)
Total	$ (11,683,173)

Net Pension Liability. As a participating employer in the FRS, the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2022, the University's proportionate share of the net pension liabilities totaled $25,721,716. Note 10. includes a complete discussion of defined benefit pension plans.

10. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

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

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

The University's FRS and HIS pension expense totaled $767,885 for the fiscal year ended June 30, 2022.

FRS Pension Plan

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

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

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

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

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

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

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

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

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

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

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

The University's contributions to the Plan totaled $5,418,077 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the University reported a liability of $10,088,378 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The University's proportionate share of the net pension liability was based on the University's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the University's proportionate share was 0.133552560 percent, which was a decrease of 0.010005665 from its proportionate share measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized negative pension expense of $410,498. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,729,164	$ -
Change of assumptions	6,902,968	-
Net difference between projected and actual earnings on FRS Plan investments	-	35,195,815
Changes in proportion and differences between University contributions and proportionate share of contributions	489,321	3,761,264
University FRS contributions subsequent to the measurement date	5,418,077	-
Total	$ 14,539,530	$ 38,957,079

The deferred outflows of resources totaling $5,418,077, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ (5,275,507)
2024	(6,146,646)
2025	(8,026,501)
2026	(10,060,277)
2027	(326,695)
Total	$ (29,835,626)

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

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

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

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

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

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

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

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

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

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
University's proportionate share of the net pension liability	$45,115,902	$10,088,378	$(19,190,705)

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

Payables to the Pension Plan. At June 30, 2022, the University reported a payable of $490,363 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2022.

<u>HIS Pension Plan</u>

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

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

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

The University's contributions to the HIS Plan totaled $697,965 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the University reported a liability of $15,633,338 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within 1 year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and update procedures were used to determine the net pension liability as of June 30, 2021. The University's proportionate share of the net pension liability was based on the University's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the University's proportionate share was 0.127447389 percent, which was a decrease of 0.011526874 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the University recognized pension expense of $1,178,383. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 523,131	$ 6,548
Change of assumptions	1,228,430	644,133
Net difference between projected and actual earnings on HIS Plan investments	16,297	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	299,372	1,319,734
University HIS contributions subsequent to the measurement date	697,965	-
Total	$ 2,765,195	$ 1,970,415

The deferred outflows of resources totaling $697,965, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ 261,839
2024	(100,665)
2025	(17,222)
2026	38,971
2027	(37,972)
Thereafter	(48,136)
Total	$ 96,815

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

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

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

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

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

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

	1% Decrease (1.16%)	**Current Discount Rate (2.16%)**	**1% Increase (3.16%)**
University's proportionate share of the net pension liability	$18,073,654	$15,633,338	$13,634,046

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

Payables to the Pension Plan. At June 30, 2022, the University reported a payable of $80,570 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2022.

11. Retirement Plans – Defined Contribution Pension Plans

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

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

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

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

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

The University's Investment Plan pension expense totaled $1,344,039 for the fiscal year ended June 30, 2022.

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

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

The University's contributions to the Program totaled $3,705,411, and employee contributions totaled $2,010,911 for the 2021-22 fiscal year.

12. Construction Commitments

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

Project Description	Total Commitment	Completed to Date	Balance Committed
Miscellaneous Projects	$ 1,547,979	$ 895,420	$ 652,559

13. Risk Management Programs

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

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

14. Litigation

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

15. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 59,354,838
Research	11,474,067
Public Services	20,533,285
Academic Support	27,054,349
Student Services	9,618,737
Institutional Support	28,654,685
Operation and Maintenance of Plant	10,892,296
Scholarships, Fellowships, and Waivers	36,284,190
Depreciation	9,702,047
Auxiliary Enterprises	19,274,146
Total Operating Expenses	$ 232,842,640

16. Discretely Presented Component Units

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

Condensed Statement of Net Position

	Direct-Support Organizations			
	University of West Florida Foundation, Inc. 6-30-22	West Florida Historic Preservation, Inc. 6-30-22	UWF Business Enterprises, Inc. 6-30-22	Total
Assets:				
Current Assets	$ 15,412,494	$ 1,962,753	$ 1,038,412	$ 18,413,659
Capital Assets, Net	45,768,096	4,059,098	3,632,223	53,459,417
Other Noncurrent Assets	114,017,069	834	1,237,205	115,255,108
Total Assets	175,197,659	6,022,685	5,907,840	187,128,184
Liabilities:				
Current Liabilities	3,272,174	124,921	558,670	3,955,765
Noncurrent Liabilities	34,639,974	-	7,833,057	42,473,031
Total Liabilities	37,912,148	124,921	8,391,727	46,428,796
Deferred Inflows of Resources	1,400,111	-	1,320,994	2,721,105
Net Position:				
Net Investment in Capital Assets	10,533,421	4,059,098	3,632,223	18,224,742
Restricted Nonexpendable	71,258,481	-	-	71,258,481
Restricted Expendable	50,919,245	213,489	-	51,132,734
Unrestricted	3,174,253	1,625,177	(7,437,104)	(2,637,674)
Total Net Position	$ 135,885,400	$ 5,897,764	$ (3,804,881)	$ 137,978,283

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

	Direct-Support Organizations			
	University of West Florida Foundation, Inc. 6-30-22	West Florida Historic Preservation, Inc. 6-30-22	UWF Business Enterprises, Inc. 6-30-22	Total
Operating Revenues	$ 17,453,944	$ 1,572,095	$ 1,058,836	$ 20,084,875
Depreciation Expense	(3,242,164)	(327,359)	(138,969)	(3,708,492)
Operating Expenses	(9,679,334)	(1,180,875)	(680,529)	(11,540,738)
Operating Income	4,532,446	63,861	239,338	4,835,645
Net Nonoperating Revenues (Expenses):				
Nonoperating Revenues	467,207	-	269,202	736,409
Interest Expense	(1,337,671)	-	-	(1,337,671)
Other Nonoperating Expenses	(18,852,394)	(171,650)	-	(19,024,044)
Net Nonoperating Revenues (Expenses)	(19,722,858)	(171,650)	269,202	(19,625,306)
Other Revenues	2,424,134	-	-	2,424,134
Increase (Decrease) in Net Position	(12,766,278)	(107,789)	508,540	(12,365,527)
Net Position, Beginning of Year	148,651,678	6,005,553	(4,311,132)	150,346,099
Adjustment to Beginning Net Position (1)	-	-	(2,289)	(2,289)
Net Position, Beginning of Year, as Restated	148,651,678	6,005,553	(4,313,421)	150,343,810
Net Position, End of Year	$ 135,885,400	$ 5,897,764	$ (3,804,881)	$ 137,978,283

(1) The adjustment to beginning net position resulted from the implementation of GASB Statement No. 87, *Leases*.

17. Related Party Transactions

The University leases several spaces from UWF Business Enterprises, Inc. with a right-to-use leases payable totaling $165,404 at June 30, 2022.

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

	2021	2020	2019	2018	2017	2016
University's proportion of the total other postemployment benefits liability	0.96%	0.94%	0.89%	0.79%	0.79%	0.77%
University's proportionate share of the total other postemployment benefits liability	$ 101,210,756	$ 96,712,405	$ 112,729,335	$ 83,357,000	$ 85,002,000	$ 91,051,000
University's covered-employee payroll	$ 87,391,552	$ 94,633,730	$ 91,294,267	$ 94,792,234	$ 84,509,945	$ 80,338,474
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	115.81%	102.20%	123.48%	87.94%	100.58%	113.33%

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

	2021 (1)	**2020** (1)	**2019** (1)	**2018** (1)
University's proportion of the FRS net pension liability	0.133552560%	0.143558225%	0.149445112%	0.151231440%
University's proportionate share of the FRS net pension liability	$ 10,088,378	$ 62,220,251	$ 51,466,816	$ 45,551,694
University's covered payroll (2)	$ 86,958,969	$ 92,298,070	$ 90,132,197	$ 87,347,832
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	11.60%	67.41%	57.10%	52.15%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.40%	78.85%	82.61%	84.26%

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

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

Schedule of University Contributions – Florida Retirement System Pension Plan

	2022 (1)	**2021** (1)	**2020** (1)	**2019** (1)
Contractually required FRS contribution	$ 5,418,077	$ 5,087,776	$ 4,769,804	$ 4,633,877
FRS contributions in relation to the contractually required contribution	(5,418,077)	(5,087,776)	(4,769,804)	(4,633,877)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 81,332,999	$ 86,958,969	$ 92,298,070	$ 90,132,197
FRS contributions as a percentage of covered payroll	6.66%	5.85%	5.17%	5.14%

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

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

	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
	0.145922896%	0.143843124%	0.136590124%	0.123943291%	0.101621006%
	$ 43,163,014	$ 36,320,502	$ 17,642,446	$ 7,562,363	$ 17,493,498
	$ 84,767,273	$ 80,346,498	$ 72,474,365	$ 65,432,933	$ 80,062,817
	50.92%	45.20%	24.34%	11.56%	21.85%
	83.89%	84.88%	92.00%	96.09%	88.54%

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
	$ 4,309,975	$ 3,798,732	$ 3,507,844	$ 3,330,183	$ 2,714,884
	(4,309,975)	(3,798,732)	(3,507,844)	(3,330,183)	(2,714,884)
	$ -	$ -	$ -	$ -	$ -
	$ 87,347,832	$ 84,767,273	$ 80,346,498	$ 72,474,365	$ 65,432,933
	4.93%	4.48%	4.37%	4.59%	4.15%

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

	2021 (1)	2020 (1)	2019 (1)	2018 (1)
University's proportion of the HIS net pension liability	0.127447389%	0.138974263%	0.141686519%	0.141160531%
University's proportionate share of the HIS net pension liability	$ 15,633,338	$ 16,968,531	$ 15,853,304	$ 14,940,590
University's covered payroll (2)	$ 44,973,100	$ 47,765,677	$ 46,974,798	$ 45,786,177
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	34.76%	35.52%	33.75%	32.63%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.56%	3.00%	2.63%	2.15%

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

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

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	2022 (1)	2021 (1)	2020 (1)	2019 (1)
Contractually required HIS contribution	$ 697,965	$ 749,137	$ 800,844	$ 786,771
HIS contributions in relation to the contractually required HIS contribution	(697,965)	(749,137)	(800,844)	(786,771)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 41,660,088	$ 44,973,100	$ 47,765,677	$ 46,974,798
HIS contributions as a percentage of covered payroll	1.68%	1.67%	1.68%	1.67%

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

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

2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
0.140025649%	0.141032901%	0.128838678%	0.118618004%	0.113527947%
$ 14,972,187	$ 16,436,799	$ 13,139,518	$ 11,091,073	$ 9,884,100
$ 44,164,277	$ 43,134,639	$ 38,823,836	$ 34,892,579	$ 32,980,756
33.90%	38.11%	33.84%	31.79%	29.97%
1.64%	0.97%	0.50%	0.99%	1.78%

2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
$ 765,517	$ 741,056	$ 722,884	$ 492,502	$ 406,345
(765,517)	(741,056)	(722,884)	(492,502)	(406,345)
$ -	$ -	$ -	$ -	$ -
$ 45,786,177	$ 44,164,277	$ 43,134,639	$ 38,823,836	$ 34,892,579
1.67%	1.68%	1.68%	1.27%	1.16%

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

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

Changes of Assumptions. The discount rate decreased from 2.66 percent to 2.18 percent. Retirement, termination, disability, and salary increase rates were updated based on those used in the actuarial valuation of the Florida Retirement System conducted by Milliman as of July 1, 2019. Rates were previously those used in Milliman's actuarial valuation of FRS as of July 1, 2015. The impact of these changes is an increase in the total OPEB liability. Refer to Note 9. to the financial statements for further details.

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

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of West 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 15, 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

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Tallahassee, Florida
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