

A low-angle photograph of a modern, multi-story building with a complex, geometric facade. The building features large glass windows and white, angular panels that create a dynamic, crystalline pattern. The sky is a clear, light blue. The overall image has a clean, professional aesthetic with a slight blue tint.

# MOMENTUM

IT STARTS WITH FLORIDA.



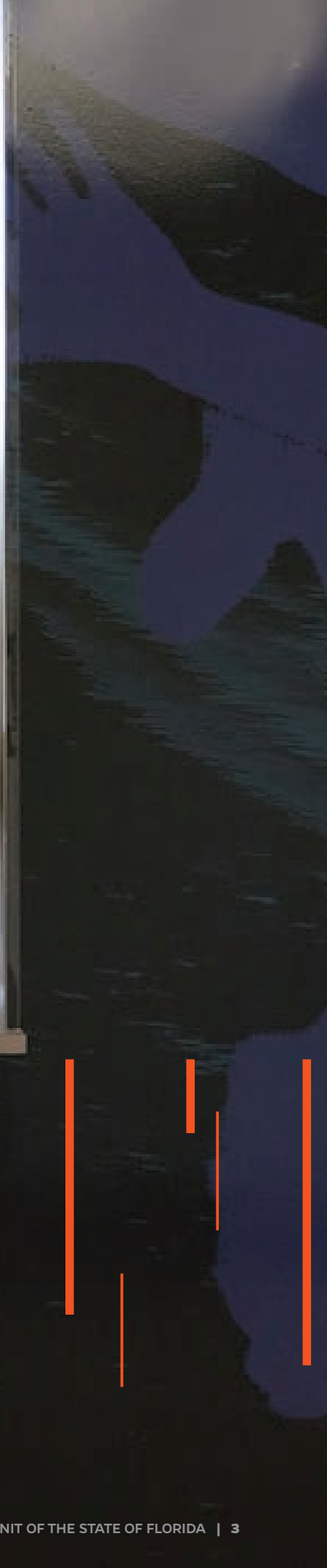
UNIVERSITY OF FLORIDA ANNUAL FINANCIAL REPORT | 2022-2023

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...part in research that  
will improve the lives of  
millions of people

03



# UNIVERSITY OF FLORIDA

A COMMUNITY OF COLLABORATORS

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

## MISSION

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

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

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

## HISTORY

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

Until 1947, the University of Florida was one of only three State universities, along with the Florida State College for

Women (now Florida State University) and Florida A&M University. Women attended as early as 1916, and the student body grew to 601 women and 8,177 men when the Legislature removed all barriers for female enrollment in 1947.

Today, the University is one of the largest in the nation, boasting an enrollment of more than 60,000 students. The campus consists of 2,000 acres and more than 1,000 buildings, including the first Leadership in Energy and Environmental Design (LEED) Platinum-certified building in the State of Florida. The University is comprised of 16 colleges, offers almost 100 bachelor programs and over 200 masters, doctoral, and professional programs. The University's programs and facilities span more than 180 locations around the State and the globe.

## FACULTY

The University faculty, which numbers over 6,600, has 25 funded Eminent Scholar Chair positions and 36 elections to the National Academies of Science, Engineering, and Medicine and 19 elections to the American Academy of Arts and Sciences. Present and past faculty include Pulitzer Prize winners, a pioneer in aviation engineering, a leading scholar on econometrics, three winners of NASA's top award for research, one of the four charter members of the Solar Hall of Fame, and a winner of the Smithsonian Institution's award for conservation.

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

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



## RESEARCH

The University of Florida is a world leader in research, contributing significantly to nearly every field of endeavor. Since 1985, the University of Florida has been a member of the Association of American Universities, which is comprised of 71 leading research universities in the United States and Canada.

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

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

## STUDENTS

The University of Florida's freshman retention rate of 97 percent speaks to the outstanding quality of the University's entire academic experience. Fall 2022 figures indicate an enrollment of over 60,000 students, with almost 75 percent of whom are from Florida. Almost every state in the nation is represented in the University of Florida student body, and the University has a large international enrollment, approaching 5,000 international students representing more than 140 countries.

Sixty-three percent of enrolled students are degree-seeking undergraduates, 26 percent are graduate students and six percent are in a professional degree program, with the remaining five percent consisting of unclassified or non-degree seeking undergraduates.

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

The University of Florida ranks 6th (tied) among public colleges and universities in the U.S. News & World Report Best Colleges (2024 ed.), ranks 1st among public institutions in the Wall Street Journal Best Colleges in the U.S. (2024), is the 2nd ranked public university in Washington Monthly's Best Bang for Your Buck-Southeast (2023), has a 5-star ranking in Money Magazine Best Colleges for Your Money (2023), and ranks 12th in Princeton Review's Top 50 Best Value Colleges for Public Schools (2023).

Additionally, UF ranks 7th in Forbes Top Public Colleges (2023), 9th in Washington Monthly National Universities, among public institutions (2023), and No. 3 in the Milken Institute's ranking of Best Universities for Technology Transfer (2017). UF Innovate – Sid Martin Biotech is named top global incubator for a record third time. The University's consistent ranking among the nation's top universities is a result of the commitment to provide the highest quality education at the best value.

# WELCOME

## FROM THE INTERIM SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

**I AM PLEASED TO PRESENT** the Annual Financial Report for the University of Florida, reflecting our fiscal year 2023 performance. Over the past year, our institution has experienced remarkable growth and success, further solidifying our position as a leader in public higher education. The University of Florida's financial report for the fiscal year ended on June 30, 2023, serves as a testament to our unwavering commitment to academic excellence, research innovation, and student success.

Fiscal year 2023 has been a year marked by extraordinary achievements and sustained progress across various facets of the University of Florida. As an institution dedicated to empowering individuals through education, research, and service, we have continuously strived to provide the best resources and opportunities for our students and faculty. The Annual Financial Report we present here reflects the sound financial stewardship, resilience, and adaptability we have demonstrated in the face of national headwinds to our industry.

### Key Highlights from the year include:

- President Ben Sasse was unanimously elected as the University's 13th president and has made significant strides to continue UF's momentum as a top tier higher education institution.
- The University of Florida was ranked as the number one public university in the country by the Wall Street Journal – a testament to our outstanding faculty, staff, and students. In addition, many of UF's colleges and programs rank among the best in the nation – a tribute to our commitment to quality and the efforts of our collective campus community.
- The University of Florida received a record number of applications for the 2022-2023 freshman cycle, with a total of 66,064 applications received. Within the admitted class, the middle 50 percent for GPA ranged between 4.4 and 4.6 and SAT scores ranged between 1350 and 1490. These numbers demonstrate the competitiveness of the University and the strong academic abilities of its admitted students.
- The University of Florida Foundation's record-setting Go Greater campaign topped \$4.6 billion when it concluded on December 31, 2022. The eight-year campaign is one of the most successful public university campaigns in history.
- UF's fiscal year 2023 research portfolio grew by 15 percent since fiscal year 2022 with a record \$1.25 billion in research expenditures. In fiscal year 2023, the Herbert Wertheim UF Scripps Institute for Biomedical Research was fully incorporated into the fold for the full fiscal year. The institute gives UF a unique opportunity to lead in the biomedical sciences for years to come.
- UF Health continued to consolidate its growth plans in fiscal year 2023, in part, by announcing the future acquisition of the Flagler Health system (UF Health St. Johns), along with the nearing completion of a 124-bed tower in the UF Health North in Jacksonville, and the UF Health Shands neighborhood hospital in Ocala, FL.
- We continued to invest in our campus through major capital projects including UF's Honors Village and Malachowsky Hall for Data Science & Information Technology; two key additions that invest in the student experience and our



unwavering commitment to research. In addition to the ongoing projects, plans continue to progress on several future campus enhancements.

- UF finished 5th in the Learfield Director's Cup in 2023 – our 14th consecutive year in the top five. Many of our athletics teams continued their strong performance. Men's golf and men's outdoor track and field both won the 2023 national title; men's baseball made it to the College World Series Final, with both Women's gymnastics and outdoor track and field finishing second in the nation as well.

As we navigate the complex landscape of higher education and adapt to the changing needs of our students and society, the University of Florida stands tall as a shining example of academic and financial success. This Annual Financial Report for fiscal year

ended on June 30, 2023, is a testament to our fiscal responsibility, strategic vision, and the relentless pursuit of excellence in everything we do.

We invite you to explore the following pages for a comprehensive view of the University of Florida's financial performance and its component entities, including direct support organizations and affiliates, during the past fiscal year. The University of Florida remains committed to our mission of transforming lives through education, research, and service and we look forward to the opportunities and challenges that the future holds.

Sincerely,

**Taylor Jantz**

Interim Senior Vice President and  
Chief Financial Officer



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the University of Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Florida and of its aggregate discretely presented component units as of June 30, 2023, 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 as of June 30, 2023. 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 (*Government Auditing Standards*). 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. 96, *Subscription-Based Information Technology Arrangements*, which is a change in accounting principle that addresses accounting and financial reporting for subscription-based information technology arrangements. This affects the comparability of amounts reported for the 2022-23 fiscal year with amounts reported for the 2021-22 fiscal year. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Other Information***

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

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

### ***Report on Partial Comparative Information***

We have previously audited the University of Florida's 2021-22 fiscal year financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 7, 2023. In our opinion, the partial restated comparative information presented as of and for the fiscal year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.


### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024, on our consideration of the University of Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Florida's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 8, 2024  
Audit Report No. 2024-125



# MANAGEMENT'S DISCUSSION & ANALYSIS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Florida for the fiscal year ended June 30, 2023, and should be read in conjunction with the financial statements and notes thereto.



**THE UNIVERSITY OF FLORIDA** (the University) is a component unit of the State of Florida and has the distinction of land, sea, and space grant status. In addition, the University has the law, medicine, agriculture, and veterinary medicine colleges on one central campus, as well as undergraduate and graduate degrees available via distance and online learning. With a 2,000-acre campus and more than 1,000 buildings, including the first Leadership in Energy and Environmental Design (LEED) Platinum-certified building in the State of Florida, the University has more green building certifications than any other public higher education institution in the country.

The University continues to cement its strong reputation, as *The Wall Street Journal* named the University of Florida the No. 1 public university in the country in its “2024 Best Colleges in the U.S.” report. It also maintained its status in the U.S. News & World Report rankings as the most highly ranked university in Florida and was named a “5-star college” – the highest rating available – by *Money* magazine, the only university in the state included on the list.

As the University sustains its commitment to excellence, it remains highly accessible to its student population of over 60,000. The current student-faculty ratio is 17:1, and its sixteen colleges offer students almost 100 undergraduate majors and more than 200 graduate programs, with an affordable tuition that allows more than half of the University’s graduates to leave with no student loan debt.

As the flagship university of the nation’s third-most-populous state, the University is committed to leading and serving the State of Florida, with over 150 mission-focused units statewide and a presence in all of Florida’s 67 counties. The University’s artificial intelligence (AI) infrastructure is one of the strongest in the country, home to the fastest supercomputer in higher education and 300 faculty members teaching AI courses or using AI in their research. As a result of the University’s commitment to AI, the University is one of the nation’s first universities to offer its students AI Across the Curriculum with courses in AI available in all 16 colleges.

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

This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, financial statements, and notes thereto, are the responsibility of University management. The

MD&A contains financial activity of the University for the fiscal years ended June 30, 2023, and June 30, 2022.

## FINANCIAL HIGHLIGHTS

The University continues to maintain and protect its strong financial position, with assets of \$6.0 billion at June 30, 2023. This reflects a \$550.1 million, or 10.2%, increase from the 2021-22 fiscal year. The primary investment objective of the University is the safety of the University’s principal and liquidity, with the optimization of investment income secondary to financial stewardship. During the fiscal year, the University saw total investments increase \$14.7 million, succeeding in both objectives and maximizing the use of available funds in a prudent manner.

Capital assets increased \$176.8 million, primarily due to capitalization of buildings and equipment, as the University invests in leading-edge facilities that support the University’s strategic plan, including modern research laboratories, classrooms and advanced technology.

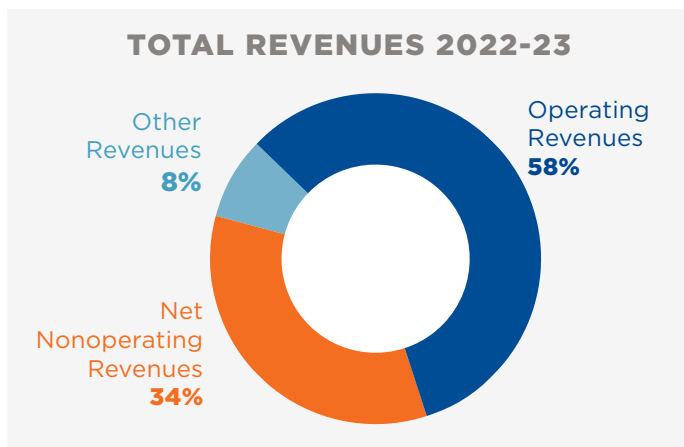


While total assets increased, liabilities also increased by \$294.5 million, or 12.2%, totaling \$2.7 billion at June 30, 2023, primarily due to the change in Net Pension Liability. The Net Pension Liability is determined by an actuarial valuation for the expected payments needed to fund projected plan benefits.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's net position increased by \$510.7 million, which resulted in a year-end balance of \$3.1 billion.

The University has a strong and diverse revenue base. Operating revenues, which are revenues generated by the University in fulfilling its instruction, research, and public service missions, totaled \$2.5 billion for the 2022-23 fiscal year, with a 7.6% increase over the 2021-22 fiscal year. Major components of operating revenues are Student Tuition and Fees and Grants and Contracts. While Student Tuition and Fees, net of Scholarship Allowances, decreased by \$24.7 million, or 5.2%, Grants and Contracts increased by \$177.2 million, or 10.4%, and contributed to the overall increase in operating revenues.

The following chart provides a graphical presentation of the University's total revenues by category for the 2022-23 fiscal year:



Operating expenses totaled \$3.9 billion for the 2022-23 fiscal year, representing an increase of \$340.2 million or 9.6% compared to the 2021-22 fiscal year. Employee Compensation and Benefits expenses increased due to higher staffing and related fringe benefits, underlining the University's commitment toward recruiting and retaining exceptional faculty and staff. Other discretionary expenses had significant increases with inflationary pressures impacting the cost of services and supplies and utilities and communications.

State Noncapital Appropriations, Net Investment Income, and Noncapital Grants, Contracts, and Gifts are all considered nonoperating revenues as they are not generated by the University's primary, ongoing operations. Net nonoperating revenues and expenses in the 2022-23 fiscal year increased by \$157.2 million compared to the prior year, primarily from increases in the Fair Value of Investments.

## OVERVIEW OF FINANCIAL STATEMENTS

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

The Statement of Net Position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University by employing the accrual basis of accounting and presents the financial position of the University at a specified time. Net position, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, is one indicator of the University's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition.

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

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

Certain revenue sources that the University relies on to provide funding for operations, including State Noncapital

Appropriations, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets.

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

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

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

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

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

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

## STATEMENT OF NET POSITION

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

Condensed Statement of Net Position (in millions)		
	2022-23	2021-22
Assets:		
Current Assets	\$ 2,735.1	\$ 2,277.0
Capital Assets, Net	2,598.4	2,421.6
Other Noncurrent Assets	630.8	715.5
Total Assets	5,964.3	5,414.1
Deferred Outflows of Resources	469.9	422.6
Total Assets and Deferred Outflows of Resources	6,434.2	5,836.7
Liabilities:		
Current Liabilities	579.5	530.7
Noncurrent Liabilities	2,133.5	1,887.8
Total Liabilities	2,713.0	2,418.5
Deferred Inflows of Resources	653.3	861.0
Total Liabilities and Deferred Inflows of Resources	3,366.3	3,279.5
Net Position:		
Net Investment in Capital Assets	2,290.5	2,222.5
Restricted	967.1	593.7
Unrestricted	(189.7)	(259.0)
<b>Total Net Position</b>	<b>\$ 3,067.9</b>	<b>\$ 2,557.2</b>

The increase in assets followed a rise in current assets, due from State, of \$291.2 million, and capital assets, depreciable and nondepreciable, of \$176.8 million. The increase in current assets is primarily the result of funding for deferred construction maintenance. The increase in capital assets was mainly driven by the Malachowsky Hall for Data Science & Information Technology and Honor's Village, which increased nondepreciable capital assets construction work in progress.



The large increase in noncurrent liabilities is primarily driven by the increase in the Net Pension Liability driven by differences between projected and actual investment earnings as of the July 1, 2022 valuation date. Additionally, the Deferred Inflows of Pension Resources decreased. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plans. The change in Net Pension Liability is driven in part by the market performance for the plan assets as of the measurement date for the plan liabilities. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires employers participating in benefit plans other than pensions to report the projected benefit liability in accordance with the standard. The benefit liability is largely driven by actuarial valuations and measurements based on claims cost, age-adjusted premiums, benefit terms and legal agreements existing at the measurement date.

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

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table summarizes the University's activity for the 2022-23 and 2021-22 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position (in millions)		
	2022-23	2021-22
Operating Revenues	\$ 2,529.4	\$ 2,351.5
Operating Expenses	(3,885.1)	(3,544.9)
Operating Loss	(1,355.7)	(1,193.4)
Net Nonoperating Revenues	1,510.4	1,353.2
Income Before Other Revenues	154.7	159.8
Other Revenues and Special Item	356.0	280.2
<b>Increase in Net Position</b>	<b>510.7</b>	<b>440.0</b>
<b>Net Position, Beginning of Year</b>	<b>2,557.2</b>	<b>2,117.2</b>
<b>Net Position, End of Year</b>	<b>\$ 3,067.9</b>	<b>\$ 2,557.2</b>

The University continues to maintain a diverse revenue stream, enabling the University to show resistance to revenue loss and position the University for future growth.

## OPERATING REVENUES

The following table summarizes the operating revenues by source that were used to fund operating activities during the 2022-23 and 2021-22 fiscal years:

Operating Revenues (in millions)		
	2022-23	2021-22
Grants and Contracts	\$ 1,877.3	\$ 1,700.1
Student Tuition and Fees, Net of Scholarship Allowances	453.1	477.8
Sales and Services of Auxiliary Enterprises, Net of Scholarship Allowances	124.2	110.6
Sales and Services of Educational Departments	69.2	59.1
Other	5.6	3.9
<b>Total Operating Revenues</b>	<b>\$ 2,529.4</b>	<b>\$ 2,351.5</b>

Total operating revenues exhibited moderate growth from the prior year. Grants and Contracts revenues increased due to the full-year operations of The Herbert Wertheim UF Scripps Institute for Biomedical Innovation & Technology and additional research funding received from various agencies. The decrease of \$24.7 million in Student Tuition and Fees, Net is primarily due to an increase in cash waivers. Auxiliary Enterprises, Net experienced a strong recovery from the pandemic, with revenues increasing \$13.6 million as operations returned to more normal levels.

## OPERATING EXPENSES

The following table summarizes the operating expenses for each method of classification for the 2022-23 and 2021-22 fiscal years:

Operating Expenses (in millions)		
Natural Classification	2022-23	2021-22
Employee Compensation and Benefits	\$ 2,697.9	\$ 2,476.4
Services and Supplies	740.6	564.1
Scholarships, Fellowships and Waivers*	182.6	255.7
Depreciation	181.5	183.7
Utilities and Communications	82.5	65.0
<b>Total Operating Expenses</b>	<b>\$ 3,885.1</b>	<b>\$ 3,544.9</b>
Functional Classification	2022-23	2021-22
Public Service	\$ 975.7	\$ 860.3
Research	896.2	763.8
Instruction	832.1	770.6
Academic Support	259.5	233.4
Institutional Support	199.2	173.3
Scholarships, Fellowships and Waivers *	182.6	255.7
Depreciation	181.5	183.7
Operation and Maintenance of Plant	172.4	132.7
Auxiliary Enterprises	130.7	120.9
Student Services	55.2	50.5
<b>Total Operating Expenses</b>	<b>\$ 3,885.1</b>	<b>\$ 3,544.9</b>

\* Net of Scholarship Allowances of \$288.6 million in the 2022-23 fiscal year and \$257.0 million in the 2021-22 fiscal year

Operating expenses primarily increased due to an increase in Employee Compensation and Benefits and Services and Supplies driven by more staffing, inflation, and increased research activity. Comparing expenses under the functional classification, Public Service remained the University's top expense classification, as UF Health continues to expand.

## NONOPERATING REVENUES AND EXPENSES

The following table summarizes the University's nonoperating revenues and expenses for the 2022-23 and 2021-22 fiscal years:

Nonoperating Revenues (Expenses) (in millions)		
	2022-23	2021-22
State Noncapital Appropriations	\$ 942.6	\$ 942.5
Federal and State Student Financial Aid	237.9	232.3
Noncapital Grants, Contracts, and Gifts	234.9	206.4
Investment Income, Net of Expenses	4.7	6.0
Net Increase (Decrease) in Fair Value of Investments	86.0	(95.8)
Other Nonoperating Revenues	23.1	82.1
Interest on Capital Asset-Related Debt	(10.8)	(11.1)
Other Nonoperating Expenses	(8.0)	(9.2)
<b>Net Nonoperating Revenues</b>	<b>\$ 1,510.4</b>	<b>\$ 1,353.2</b>

Net Nonoperating Revenues increased when compared to the prior year. The Net Increase in the Fair Value of Investments increased by \$181.8 million due to increased market performance.

## OTHER REVENUES

The following table summarizes the University's other revenues for the 2022-23 and 2021-22 fiscal years:

Other Revenues, Expenses, and Special Item (in millions)		
	2022-23	2021-22
State Capital Appropriations	\$ 342.6	\$ 24.3
Capital Grants, Contracts, and Donations	13.4	12.2
Special Item	-	243.7
<b>Total Other Revenues, Expenses, and Special Item</b>	<b>\$ 356.0</b>	<b>\$ 280.2</b>

Other Revenues increased \$75.8 million as the University experienced an increase in State Capital Appropriations funding compared to prior year.

## STATEMENT OF CASH FLOWS

The following table summarizes cash flows for the 2022-23 and 2021-22 fiscal years:

Condensed Statement of Cash Flows (in millions)		
	2022-23	2021-22
Cash Provided (Used) by:		
Operating Activities	\$ (1,250.8)	\$ (1,084.3)
Noncapital Financing Activities	1,464.0	1,576.6
Capital and Related Financing Activities	(261.8)	(233.8)
Investing Activities	67.7	(270.3)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>19.1</b>	<b>(11.8)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>3.7</b>	<b>15.5</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 22.8</b>	<b>\$ 3.7</b>

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

Major sources of funds for the University came from Grants and Contracts (\$1,822.3 million), State Noncapital Appropriations (\$942.6 million), Student Tuition and Fees, Net (\$455.8 million), Federal and State Financial Aid (\$237.9 million), and Noncapital Grants, Contracts, and Gifts (\$234.9 million). Major uses of funds were for Payments to Employees (\$2,763.1 million), Payments to Suppliers for Goods and Services (\$782.4 million), and the Purchase or Construction of Capital Assets (\$338.1 million).

## CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

### CAPITAL ASSETS

At June 30, 2023, the University had approximately \$5.7 billion in Capital Assets, less accumulated depreciation of \$3.1 billion, for Net Capital Assets of \$2.6 billion. Depreciation charges for the current fiscal year totaled \$181.5 million. Total Capital Assets increased in the 2022-23 fiscal year as construction continued on major projects, reflecting the University's continued dedication to an infrastructure and learning environment that supports its mission and strategic

plan. The following table summarizes the University's Capital Assets, net of accumulated depreciation, at June 30:

<b>Total Capital Assets, Net (in millions)</b>			
	<b>2023</b>		<b>2022</b>
Land	\$	36.2	\$ 36.2
Buildings		1,729.9	1,710.6
Infrastructure and Other Improvements		62.1	65.0
Furniture and Equipment		284.6	276.6
Library Resources		40.4	43.5
Leasehold Improvements		11.2	12.0
Right-to-Use Lease Assets		11.3	12.9
Subscription-Based Information Technology Arrangements		10.1	-
Other Capital Assets		12.9	20.1
Construction in Progress		399.7	244.7
<b>Total Capital Assets (Nondepreciable and Depreciable, Net)</b>	<b>\$</b>	<b>2,598.4</b>	<b>\$ 2,421.6</b>

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

## CAPITAL EXPENSES AND COMMITMENTS

Major capital expenses were incurred during the fiscal year on the University's largest projects, including the new Malachowsky Hall for Data Science & Information Technology (\$55.4 million) and Honors Residential College (\$105.3 million), which are expected to transform the associated learning and research environments and support the continued growth and health of the campus community.

The University's construction commitments at June 30, 2023, are as follows:

<b>Major Construction Commitments (in millions)</b>		
Total Commitments	\$	1,554.1
Completed to Date		399.7
<b>Balance Committed</b>	<b>\$</b>	<b>1,154.4</b>

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

## DEBT ADMINISTRATION

The University is mindful of its financial stewardship and commitment to effective resource management, including the prudent use of debt to finance capital projects. At June 30, 2023, the University had \$402.0 million in outstanding Capital Asset-Related Debt. Capital Asset-Related Debt primarily consists of bonds issued to fund major construction projects such as student housing, research buildings, student activity centers, and parking garages. The University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, resulting in a slight increase in Capital Asset-Related Debt. There was

a \$19.1 million increase in Loans and Notes due to a new note financing the cost of energy savings equipment used in university plants. The following table summarizes the outstanding Capital Asset-Related Debt by type of debt at June 30:

<b>Capital Asset-Related Debt (in millions)</b>			
	<b>2023</b>		<b>2022</b>
Capital Improvement Debt	\$	356.0	\$ 368.2
Loans and Notes		22.6	3.5
Installment Purchase Agreements		2.6	3.2
Leases		11.7	12.9
Subscription Arrangements		9.1	-
<b>Total Capital Asset-Related Debt</b>	<b>\$</b>	<b>402.0</b>	<b>\$ 387.8</b>

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

## ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University remains financially secure post pandemic. The University holds an AA+ credit rating from Standard and Poor's Global Ratings (S&P) on the student activity fee bonds, and an Aa1 credit rating from Moody's Investor Services. An annual comment on these ratings issued by Moody's in April 2023 predicted that the University will remain stable and maintain its excellent strategic positioning as a prominent provider of higher education in the State of Florida due to the State's continued strong operating and capital support.

The University continues to benefit from unprecedented support from the State in fiscal year 2023-24. State Appropriations for General Revenue and Lottery allocations totaled \$1.08 billion for the coming fiscal year. This includes an additional \$97.7 million in funding for operational support, \$33.3 million in additional preeminence funding, and \$3.9 million additional IFAS Workload funding. Also included was \$10 million for the Hamilton Center for Classical and Civic Education, and \$16.8 million in additional performance funding, bringing the State investment in performance funds to \$68.8 million for the coming year. The fiscal year 2023-24 budget clearly reflects the sustained commitment of the Legislature and the Governor to support the University as a leading public research university that the State, nation, and world look to for leadership.

## REQUESTS FOR INFORMATION

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

## STATEMENT OF NET POSITION

As of June 30, 2023 (amounts expressed in thousands)

	University of Florida		Component Units		
	2023	2022	Direct-Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents (Note 1)	\$ 409	\$ 290	\$ 75,192	\$ 57,224	\$ 126,967
Investments (Note 5)	2,068,730	1,954,552	99,580	50,970	262,817
Accounts Receivable, Net (Note 6)	176,372	139,903	176,076	182,206	487,589
Loans and Notes Receivable, Net (Note 6)	1,702	1,881	-	-	-
Due From State (Note 7)	381,257	90,064	-	-	20,172
Due From Component Units/University (Note 8)	91,836	80,187	325,885	23,801	120,153
Inventories	5,877	5,227	281	-	81,927
Other Current Assets	8,918	4,883	21,834	2,173	140,928
<b>Total Current Assets</b>	<b>2,735,101</b>	<b>2,276,987</b>	<b>698,848</b>	<b>316,374</b>	<b>1,240,553</b>
<b>Noncurrent Assets:</b>					
Restricted Cash and Cash Equivalents (Note 1)	22,467	3,453	-	-	-
Restricted Investments (Note 5)	312,197	437,309	2,452,151	9,122	1,364,672
Other Noncurrent Investments (Note 5)	281,514	255,866	-	-	-
Loans and Notes Receivable, Net (Note 6)	14,584	16,783	1,183	-	-
Depreciable Capital Assets, Net (Note 9)	2,157,704	2,135,804	326,042	264,032	1,497,376
Nondepreciable Capital Assets (Note 9)	440,652	285,811	107,303	12,966	487,388
Other Noncurrent Assets	-	2,073	6,289	13,738	129,415
<b>Total Noncurrent Assets</b>	<b>3,229,118</b>	<b>3,137,099</b>	<b>2,892,968</b>	<b>299,858</b>	<b>3,478,851</b>
<b>TOTAL ASSETS</b>	<b>5,964,219</b>	<b>5,414,086</b>	<b>3,591,816</b>	<b>616,232</b>	<b>4,719,404</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Pension Resources (Note 11)	302,742	226,897	-	-	178,212
Deferred Outflows of Other Postemployment Benefits Payable (Note 11)	158,022	186,712	-	-	371
Other Deferred Outflows (Note 11)	9,185	8,975	-	-	38,568
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>469,949</b>	<b>422,584</b>	<b>-</b>	<b>-</b>	<b>217,151</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 6,434,168</b>	<b>\$ 5,836,670</b>	<b>\$ 3,591,816</b>	<b>\$ 616,232</b>	<b>\$ 4,936,555</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$ 125,202	\$ 71,670	\$ 29,420	\$ 30,633	\$ 273,627
Salaries and Wages Payable	34,505	79,814	-	14,321	111,446
Due To Component Units/University (Note 8)	301,288	263,624	213,024	21,829	84,321
Unearned Revenue (Note 12)	59,182	60,645	63,288	9,077	187,846
Deposits Held in Custody	6,847	5,775	3	123	-
Other Current Liabilities	763	1,338	5,310	115	1,023
Long-Term Liabilities - Current Portion: (Note 13)					
Capital Improvement Debt Payable	9,716	10,655	-	-	-
Bonds Payable	-	-	7,530	5,701	20,461
Loans and Notes Payable	458	448	29	-	-
Installment Purchase Agreements Payable	893	822	-	-	-
Leases Payable	3,245	3,028	317	13,616	23,275
Subscription Arrangements Payable	1,970	-	-	-	-
Compensated Absences Payable	14,672	12,655	487	-	-
Other Postemployment Benefits Payable	20,471	19,122	-	-	-
Net Pension Liability (Note 14)	260	1,097	-	-	-
Liability for Self-Insured Claims	-	-	32,311	-	6,027
<b>Total Current Liabilities</b>	<b>579,472</b>	<b>530,693</b>	<b>351,719</b>	<b>95,415</b>	<b>708,026</b>

## STATEMENT OF NET POSITION

As of June 30, 2023 (amounts expressed in thousands)

	University of Florida		Component Units		
	2023	2022	Direct-Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
<b>Noncurrent Liabilities:</b> (Note 13)					
Capital Improvement Debt Payable	\$ 346,286	\$ 357,524	\$ -	\$ -	\$ -
Bonds Payable	-	-	142,590	91,506	1,473,751
Loans and Notes Payable	22,124	3,006	396	-	-
Installment Purchase Agreements Payable	1,769	2,423	-	-	-
Leases Payable	8,434	9,878	430	134,947	152,006
Subscription Arrangements Payable	7,101	-	-	-	-
Compensated Absences Payable	128,891	122,545	2,362	-	-
Other Postemployment Benefits Payable	794,046	1,073,781	-	-	3,486
Net Pension Liability (Note 14)	814,150	308,410	-	-	-
Liability for Self-Insured Claims	-	-	-	-	34,153
Other Noncurrent Liabilities	10,697	10,203	42,076	-	27,081
<b>Total Noncurrent Liabilities</b>	<b>2,133,498</b>	<b>1,887,770</b>	<b>187,854</b>	<b>226,453</b>	<b>1,690,477</b>
<b>TOTAL LIABILITIES</b>	<b>2,712,970</b>	<b>2,418,463</b>	<b>539,573</b>	<b>321,868</b>	<b>2,398,503</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Pension Resources (Note 11)	28,156	441,963	-	-	55,361
Deferred Inflows of Other Postemployment Benefits Payable (Note 11)	625,160	419,019	-	-	1,649
Other Deferred Inflows (Note 11)	-	-	24,603	14,072	52,274
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>653,316</b>	<b>860,982</b>	<b>24,603</b>	<b>14,072</b>	<b>109,284</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>3,366,286</b>	<b>3,279,445</b>	<b>564,176</b>	<b>335,940</b>	<b>2,507,787</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,290,524	2,222,526	276,810	31,228	549,633
Restricted:					
Nonexpendable:					
Endowment	-	-	1,614,641	-	2,260
Expendable:					
Endowment	-	-	919,999	-	7,029
Loans	36,375	38,910	-	-	-
Capital Projects	526,929	273,433	-	-	-
Debt Service	7,942	7,228	-	-	-
Other	395,891	274,166	2,317	-	208,521
Unrestricted (Note 4)	(189,779)	(259,038)	213,873	249,064	1,661,325
<b>TOTAL NET POSITION</b>	<b>3,067,882</b>	<b>2,557,225</b>	<b>3,027,640</b>	<b>280,292</b>	<b>2,428,768</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 6,434,168</b>	<b>\$ 5,836,670</b>	<b>\$ 3,591,816</b>	<b>\$ 616,232</b>	<b>\$ 4,936,555</b>

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

# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

for the Fiscal Year Ended June 30, 2023 (amounts expressed in thousands)

	University of Florida		Component Units		
	2022-23	2021-22	Direct-Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
<b>OPERATING REVENUES</b>					
Student Tuition and Fees, Net of Scholarship Allowances (Note 19)	\$ 453,137	\$ 477,795	\$ -	\$ -	\$ -
Federal Grants and Contracts	657,252	572,127	-	-	-
State and Local Grants and Contracts	68,975	56,353	-	-	-
Nongovernmental Grants and Contracts	1,151,067	1,071,581	-	-	-
Sales and Services of Auxiliary Enterprises, Net of Scholarship Allowances (Note 19)	124,198	110,633	-	-	-
Sales and Services of Educational Departments	69,238	59,137	-	-	-
Sales and Services of Component Units	-	-	174,094	-	10,005
Hospital Revenues	-	-	-	1,243,846	3,575,928
Gifts and Donations - Component Units	-	-	182,495	-	-
Royalties and Licensing Fees - Component Units	-	-	50,351	-	-
Other Operating Revenues	5,572	3,909	9,069	190,484	99,539
<b>Total Operating Revenues</b>	<b>2,529,439</b>	<b>2,351,535</b>	<b>416,009</b>	<b>1,434,330</b>	<b>3,685,472</b>
<b>OPERATING EXPENSES</b>					
Employee Compensation and Benefits	2,697,865	2,476,415	76,690	125,189	1,648,557
Services and Supplies	740,593	564,094	414,739	391,361	1,851,013
Utilities and Communications	82,562	64,981	-	-	-
Scholarships, Fellowships, and Waivers, Net	182,610	255,712	-	-	-
Depreciation	181,525	183,763	18,278	18,432	167,448
Self-Insured Claims and Expenses	-	-	-	-	6,481
<b>Total Operating Expenses (Note 20)</b>	<b>3,885,155</b>	<b>3,544,965</b>	<b>509,707</b>	<b>534,982</b>	<b>3,673,499</b>
<b>Operating Income (Loss)</b>	<b>(1,355,716)</b>	<b>(1,193,430)</b>	<b>(93,698)</b>	<b>899,348</b>	<b>11,973</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State Noncapital Appropriations	942,648	942,489	8,000	-	7,050
Federal and State Student Financial Aid	237,893	232,250	-	-	-
Noncapital Grants, Contracts, and Gifts	234,887	206,429	-	2,571	-
Investment Income, Net of Expenses	4,658	6,047	99,452	1,093	90,945
Net Increase (Decrease) in the Fair Value of Investments	86,011	(95,788)	(615)	3,032	3,342
Other Nonoperating Revenues	23,071	82,089	12,841	1,101	25,938
Interest on Capital Asset-Related Debt	(10,777)	(11,147)	(3,853)	(3,360)	(41,073)
Other Nonoperating Expenses	(8,024)	(9,155)	(50,085)	(926,538)	(23,895)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>1,510,367</b>	<b>1,353,214</b>	<b>65,740</b>	<b>(922,101)</b>	<b>62,307</b>
<b>Income (Loss) Before Other Revenues</b>	<b>154,651</b>	<b>159,784</b>	<b>(27,958)</b>	<b>(22,753)</b>	<b>74,280</b>
State Capital Appropriations	342,643	24,345	-	-	-
Capital Grants, Contracts, and Donations	13,363	12,290	-	-	-
Additions to Permanent Endowments	-	-	76,251	-	-
<b>Total Other Revenues</b>	<b>356,006</b>	<b>36,635</b>	<b>76,251</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position before Special Item</b>	<b>510,657</b>	<b>196,419</b>	<b>48,293</b>	<b>(22,753)</b>	<b>74,280</b>
Special Item - Transfer of Operations	-	243,669	-	-	-
<b>Increase (Decrease) in Net Position</b>	<b>510,657</b>	<b>440,088</b>	<b>48,293</b>	<b>(22,753)</b>	<b>74,280</b>
<b>Net Position, Beginning of Year</b>	<b>2,557,225</b>	<b>2,117,137</b>	<b>2,979,347</b>	<b>303,161</b>	<b>2,354,488</b>
Adjustment to Beginning Net Position (Note 3)	-	-	-	(116)	-
<b>Adjusted Net Position, Beginning of Year, as Restated</b>	<b>2,557,225</b>	<b>2,117,137</b>	<b>2,979,347</b>	<b>303,045</b>	<b>2,354,488</b>
<b>Net Position, End of Year</b>	<b>\$ 3,067,882</b>	<b>\$ 2,557,225</b>	<b>\$ 3,027,640</b>	<b>\$ 280,292</b>	<b>\$ 2,428,768</b>

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

## STATEMENT OF CASH FLOWS

for the Fiscal Year Ended June 30, 2023 (amounts expressed in thousands)

	University of Florida	
	2022-23	2021-22
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees, Net	\$ 455,815	\$ 482,312
Grants and Contracts	1,822,306	1,681,843
Sales and Services of Auxiliary Enterprises	121,181	110,816
Sales and Services of Educational Departments	70,270	60,341
Repayment of Loans and Notes Receivable from Students	6,786	8,832
Other Operating Receipts	5,391	4,340
Payments to Employees	(2,763,113)	(2,527,612)
Payments to Suppliers for Goods and Services	(782,393)	(644,375)
Payments to Students for Scholarships and Fellowships	(182,610)	(255,712)
Loans Issued to Students	(4,409)	(5,104)
<b>Net Cash Used by Operating Activities</b>	<b>(1,250,776)</b>	<b>(1,084,319)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Noncapital Appropriations	942,648	942,489
Federal and State Financial Aid	237,893	232,250
Noncapital Grants, Contracts, and Gifts	234,887	206,428
Direct Loan Program Receipts	216,443	224,104
Direct Loan Program Disbursements	(216,458)	(224,056)
Net Change in Funds Held for Others	32,335	35,491
Other Nonoperating Receipts	22,412	166,770
Other Nonoperating Disbursements	(6,172)	(6,806)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>1,463,988</b>	<b>1,576,670</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Capital Debt	19,578	-
State Capital Appropriations	56,950	40,295
Capital Grants, Contracts, and Donations	15,129	11,754
Proceeds from Sale of Capital Assets and Other Receipts for Capital	1,869	3,324
Purchase or Construction of Capital Assets	(338,065)	(269,232)
Principal Paid on Capital Debt and Leases	(11,797)	(14,337)
Interest Paid on Capital Debt and Leases	(5,416)	(5,631)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(261,752)</b>	<b>(233,827)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of Investments	3,032,940	2,479,862
Purchase of Investments	(2,967,902)	(2,756,050)
Investment Income	2,635	5,908
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>67,673</b>	<b>(270,280)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>19,133</b>	<b>(11,756)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>3,743</b>	<b>15,499</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 22,876</b>	<b>\$ 3,743</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (1,355,716)	\$ (1,193,430)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	181,852	184,085
Change in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:		
Receivables, Net	(33,043)	(11,188)
Due From Component Units	(11,649)	(8,271)
Inventories	(650)	(316)
Other Assets	3,065	5,371
Accounts Payable	37,588	(20,677)
Salaries and Wages Payable	(45,308)	10,976
Unearned Revenue	(6,962)	13,955
Deposits Held in Custody	(12)	(2,650)
Other Postemployment Benefits Payable	(278,386)	23,895
Compensated Absences Payable	8,363	3,187
Net Pension Liability	504,903	(571,825)
Deferred Outflows – Pension and OPEB	(47,155)	107,173
Deferred Inflows – Pension and OPEB	(207,666)	375,396
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ (1,250,776)</b>	<b>\$ (1,084,319)</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES:</b> The following items are recognized on the Statement of Net Position or the Statement of Revenues, Expenses, and Changes in Net Position, but are not cash transactions for the Statement of Cash Flows:		
Unrealized gain (loss) on investment	\$ 86,011	\$ (95,788)
Gain on bond refunding	2,502	-
Loss on disposal of capital assets	(1,558)	(2,620)

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

# NOTES TO FINANCIAL STATEMENTS

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. 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 thirteen members. The Governor appoints six citizen members, and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees.

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

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

### B. DISCRETELY PRESENTED COMPONENT UNITS

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

independent certified public accountants. The annual reports are submitted to the Auditor General and the University Board of Trustees. Additional information is presented in Note 21.

However, financial activities of certain component units are not included in the University's financial statements and are denoted below with an asterisk (\*). The total assets and operating revenues related to these component units are \$39.9 million and \$19.3 million, respectively. These amounts represent less than one percent of the total aggregate component units' assets and operating revenues.

### C. DIRECT-SUPPORT ORGANIZATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### D. HEALTH SCIENCE CENTER AFFILIATES

The corporations listed below, except Faculty Clinic, Inc., are Faculty Practice Plans, as provided for in Board of Governors Regulation 9.017. The Faculty Practice Plans provide educationally oriented clinical practice settings and opportunities through which faculty members provide health, medical, veterinary, and dental care to patients as an integral part of their academic activities and their employment as faculty. Because these faculty practice activities generate income, the colleges are authorized to regulate fees generated from faculty practice

and maintain Faculty Practice Plans for the orderly collection and distribution of fees. These organizations provide significant support for the clinical instruction function of the University of Florida J. Hillis Miller Health Science Center (JHMH) and are component units of the University of Florida.

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

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

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

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

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

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

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

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

#### E. SHANDS HOSPITAL AND OTHERS

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

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

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

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

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

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

## F. BASIS OF PRESENTATION

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

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

## G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation,

and maintenance of capital assets and depreciation on capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income. Interest on capital asset-related debt is a nonoperating expense. Other revenues generally include revenues for capital construction projects.

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

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

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

## H. CASH AND CASH EQUIVALENTS

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

## I. INVESTMENTS AND FAIR VALUE MEASUREMENT

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

## J. CAPITAL ASSETS

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

- Buildings – 5 to 50 years, depending on construction
- Infrastructure and Other Improvements – 10 to 50 years
- Furniture and Equipment – 3 to 20 years
- Library Resources – 10 years
- Leasehold Improvements – up to 50 years
- Right-to-Use Lease Assets – 5 to 50 years or the term of the lease, whichever is shorter
- SBITAs and Computer Software – 5 years



## K. NONCURRENT LIABILITIES

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

## L. LEASES

Leases consist of contracts that convey control of the right-to-use an underlying asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The University recognizes an intangible right-to-use lease asset and lease liability when it is the lessee party to a contract. The expected payments are discounted using an estimated incremental borrowing rate. The University applies a materiality threshold of \$5,000 for equipment and \$100,000 for space based on the annualized value of each lease. The University calculates the lease liability as the present value of payments expected to be made during the lease term (less any lease incentives) using an estimated incremental borrowing rate. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term. Lease amounts are amortized over the contract term.

## M. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

SBITAs consist of contracts that convey the right-to-use information technology software — an intangible asset — for a term exceeding 12 months. The University recognizes a right-to-use asset and a corresponding subscription liability. The University applies a materiality threshold of \$4 million based on the present value of expected payments for each arrangement using an estimated incremental borrowing rate. The intangible asset is measured at the amount of the initial measurement of the SBITA liability.

## N. PENSIONS

For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and HIS fiduciary net positions have been determined on the same

basis as they are reported by the FRS and the HIS plans. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

## 2. REPORTING CHANGES

The University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement establishes that a subscription-based information technology arrangement (SBITA) results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The statement provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. As a result of implementation, the University added two additional SBITA assets and corresponding current and non-current liabilities. These changes are reflected in Note 9 Capital Assets and Note 13 Long-Term Liabilities. There was no effect to beginning net position for the University.

## 3. ADJUSTMENT TO BEGINNING NET POSITION

The University and its applicable component units implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result of the implementation of this guidance, the Florida Clinical Practice Associates, Inc. reported an adjustment to beginning net position, summarized in Table 1.

**Table 1. Adjustment to Beginning Net Position**

Description	Health Science Center Affiliates
Florida Clinical Practice Association, Inc.	\$ (115,934)
<b>Total Adjustment to Beginning Net Position</b>	<b>\$ (115,934)</b>

## 4. DEFICIT NET POSITION IN INDIVIDUAL FUNDS

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

**Table 2. Deficit Net Position in Individual Funds**

Description	Net Position
Unrestricted	\$ (189,779,443)
<b>Total</b>	<b>\$ (189,779,443)</b>

## 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 Trustees have adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the Trustees, as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted. Investments of the University and its component units at June 30, 2023, are reported at fair value and shown in Tables 3 through 8.



**Table 3. University Investments**

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 749,229,808	\$ -	\$ -	\$ 749,229,808
State Board of Administration Debt Service Accounts	7,420,650	7,420,650	-	-
Total Investments by Fair Value Level	756,650,458	\$ 7,420,650	\$ -	\$ 749,229,808
Investments Measured at the Net Asset Value (NAV)				
Private Equity Funds	1,459,999,327			
Investments at Amortized Cost				
SBA Florida Prime	445,791,174			
Total University Investments	\$ 2,662,440,959			

**Table 4. University Investments Measured at the NAV**

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private Equity Funds	\$ 1,459,999,327	\$ -	N/A	N/A

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

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

**Table 5. Component Unit Investments**

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level	Total			
External Investment Pools:				
State Treasury Special Purpose Investment Account	\$ 71,837,806	\$ -	\$ -	\$ 71,837,806
Certificates of Deposit	446,565	446,565	-	-
Commercial Paper	15,921,560	-	15,921,560	-
U.S. Guaranteed Obligations	9,198,999	8,872,370	326,629	-
Federal Agencies	8,974,861	718,947	8,255,914	-
Domestic Bonds and Notes	50,276,046	29,113,000	21,163,046	-
International Bonds and Notes	20,000	-	20,000	-
Domestic Stock	6,174,508	6,135,573	38,935	-
International Stock	444,000	444,000	-	-
Swap Contracts	4,274,200	-	2,922,091	1,352,109
Bond Mutual Funds	188,747,938	136,209,860	52,538,078	-
Equity Mutual Funds	169,924,704	99,922,523	64,834,491	5,167,690
Other Investments	26,980,824	8,839,518	15,849,291	2,292,015
Real Estate Investments Not Measured at NAV	36,000	36,000	-	-
Total Investments by Fair Value Level	553,258,011	\$ 290,738,356	\$ 181,870,035	\$ 80,649,620
Investments Measured at the Net Asset Value (NAV)				
International Equity	455,735			
Real Estate Investments (Directly Owned)	5,198,334			
Private Equity Funds	3,492,880,607			
Total Investments Measured at the NAV	3,498,534,676			
Total Investments Measured at Fair Value	4,051,792,687			
Other				
Money Market Funds	157,816,238			
Cash Surrender Value of Life Insurance	532,541			
Certificates of Deposits	92,000			
Cash Collateral on Deposit with Swap Counter Party	5,760,000			
Other Investments	23,319,027			
Total Other Investments	187,519,806			
Total Component Unit Investments	\$ 4,239,312,493			

**Table 6. Component Unit Investments Measured at the NAV**

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
International Equity	\$ 455,735	\$ -	Illiquid	N/A
Real Estate Investments	5,198,334	-	Illiquid	N/A
Private Equity Funds	3,492,880,607	378,986,149	Monthly	30 Days
<b>Total Investments Measured at the NAV</b>	<b>\$ 3,498,534,676</b>	<b>\$ 378,986,149</b>		

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

- **International Equity** – This category includes an investment in a foreign-based publicly-traded company focused on providing law enforcement with new tools and technology.
- **Real Estate Investments** – This category includes an investment in the form of real estate with donor restrictions. The real estate is held at fair value less estimated costs to sell.
- **Private Equity Funds** – This category includes investments in several limited partnership funds that invest in equity securities and debt of private companies.

## A. EXTERNAL INVESTMENT POOLS

The University and its discretely presented component units (see Note 1) reported investments at fair value totaling \$749,229,808 and \$71,837,806 respectively, at June 30, 2023, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The SPIA investment pool carried a credit rating of AA-f by Standard & Poor's and had an effective duration of 3.02 years and fair value factor of 0.967 at June 30, 2023. Participants contribute to the SPIA investment pool on a dollar basis. These funds are commingled, and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed, and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Annual Comprehensive Financial Report.

At June 30, 2023, the University reported investments totaling \$445,791,174 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 37 days as of June 30, 2023. 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 SBA 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, 2023, 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.

## B. OTHER INVESTMENTS

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

- **Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(16), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due.

Investments of the University's component units in debt securities, bonds and notes, and bond mutual funds, and their future maturities at June 30, 2023, are shown in Table 7.

■ **Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk and do not require disclosure of credit quality. The private equity funds are unrated. At June 30, 2023, the University's component units had bonds and notes and bond mutual funds, with quality ratings by nationally recognized rating agencies (e.g., Moody's Investors Service), as shown in Table 8.

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

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

## 6. RECEIVABLES

### A. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for grant and contract reimbursements due from third parties, student tuition and fees, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. Accounts receivable, net of an allowance for uncollectible accounts, reported as of June 30, 2023, are summarized in Table 9.

**Table 9. Accounts Receivable**

Description	
Grants and Contracts	\$ 145,082,683
Student Tuition and Fees	19,889,325
Sales and Services	9,771,707
Interest	1,628,196
<b>Total Accounts Receivable, Net</b>	<b>\$ 176,371,911</b>

### B. LOANS AND NOTES RECEIVABLE

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

### C. ALLOWANCES FOR UNCOLLECTIBLE RECEIVABLES

Allowances for uncollectible accounts and loans and notes receivable are reported based upon management's best estimate as of fiscal year-end, considering type, age, collection history, and other factors considered appropriate. Accounts receivable for student tuition and fees, various sales and services provided to students and third parties, and interest are reported net of an allowance of \$10,429,784 which is 25.0% of total related accounts receivable. Loans and notes receivable are reported net of an allowance of \$2,689,947

**Table 7. Component Units Debt Investment Maturities**

Types of Investments	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
United States Government and Federally-Guaranteed Obligations	\$ 9,198,999	\$ 8,872,370	\$ 326,629	\$ -	\$ -
Federal Agency Obligations	8,974,861	7,224,586	629,433	843,632	277,210
Bonds and Notes	50,296,046	21,277,046	501,000	-	28,518,000
Bond Mutual Funds	188,747,938	10,298,321	162,941,877	15,507,740	-
<b>Total</b>	<b>\$ 257,217,844</b>	<b>\$ 47,672,323</b>	<b>\$ 164,398,939</b>	<b>\$ 16,351,372</b>	<b>\$ 28,795,210</b>

**Table 8. Component Units Debt Investments Quality Ratings**

Types of Investments	Fair Value	Less than A/Ba or Not Rated			
		AAA/Aaa	AA/Aa	A/Ba	Less than A/Ba or Not Rated
Federal Agency Obligations	\$ 8,974,861	\$ -	\$ 7,649,547	\$ 311,589	\$ 1,013,725
Bonds and Notes	50,296,046	9,695,076	2,781,735	1,660,769	36,158,466
Money Market Funds	157,816,238	142,396,238	-	-	15,420,000
Bond Mutual Funds	188,747,938	51,836,376	53,847,347	75,627,351	7,436,864
<b>Total</b>	<b>\$ 405,835,083</b>	<b>\$ 203,927,690</b>	<b>\$ 64,278,629</b>	<b>\$ 77,599,709</b>	<b>\$ 60,029,055</b>

which is 14.2% of total related loans and notes receivable. No allowance has been accrued for grants and contracts receivable. University management considers these to be fully collectible.

## 7. DUE FROM STATE

This amount consists of \$381,257,365 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, and general revenue allocations due from the State to the University for construction of University facilities.

## 8. DUE FROM AND TO COMPONENT UNITS/UNIVERSITY

Component units' due from and due to amounts include

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

## 9. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023, is presented in Table 10.

**Table 10. Capital Assets**

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 36,173,581	\$ -	\$ -	\$ 36,173,581
Construction in Progress	244,737,219	275,989,238	121,047,023	399,679,434
Works of Art and Historical Treasures	4,899,723	227,791	328,968	4,798,546
<b>Total Nondepreciable Capital Assets</b>	<b>285,810,523</b>	<b>276,217,029</b>	<b>121,375,991</b>	<b>440,651,561</b>
Depreciable Capital Assets:				
Buildings	3,553,865,413	235,847,663	117,789,366	3,671,923,710
Infrastructure and Other Improvements	165,116,571	1,535,902	-	166,652,473
Furniture and Equipment	862,781,057	65,145,877	31,052,186	896,874,748
Library Resources	387,075,378	6,497,735	552,396	393,020,717
Leasehold Improvements	19,932,621	-	-	19,932,621
Right-to-Use Lease Assets	15,922,651	2,658,503	781,070	17,800,084
Subscription-Based Information Technology Arrangements (1)	-	11,324,303	-	11,324,303
Computer Software	62,886,853	-	-	62,886,853
Other Capital Assets	1,369,004	947,868	22,000	2,294,872
<b>Total Depreciable Capital Assets</b>	<b>5,068,949,548</b>	<b>323,957,851</b>	<b>150,197,018</b>	<b>5,242,710,381</b>
Less Accumulated Depreciation:				
Buildings	1,843,235,267	100,287,615	1,507,881	1,942,015,001
Infrastructure and Other Improvements	100,088,466	4,454,686	-	104,543,152
Furniture and Equipment	586,154,091	53,732,236	27,603,689	612,282,638
Library Resources	343,570,358	9,320,757	326,331	352,564,784
Leasehold Improvements	7,943,725	748,861	-	8,692,586
Right-to-Use Lease Assets	3,050,027	3,692,648	201,290	6,541,385
Subscription-Based Information Technology Arrangements (1)	-	1,246,592	-	1,246,592
Computer Software	48,184,542	7,670,771	-	55,855,313
Other Capital Assets	918,514	371,281	24,968	1,264,827
<b>Total Accumulated Depreciation</b>	<b>2,933,144,990</b>	<b>181,525,447</b>	<b>29,664,159</b>	<b>3,085,006,278</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>2,135,804,558</b>	<b>142,432,404</b>	<b>120,532,859</b>	<b>2,157,704,103</b>
<b>Total Capital Assets, Net</b>	<b>\$ 2,421,615,081</b>	<b>\$ 418,649,433</b>	<b>\$ 241,908,850</b>	<b>\$ 2,598,355,664</b>

(1) Subscription-Based Information Technology Arrangements were added due to the implementation of GASB Statement No. 96. Beginning balance was not restated.

## 10. MUSEUM AND ART COLLECTIONS

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

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

## 11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

## 12. UNEARNED REVENUE

Unearned Revenue includes amounts received prior to the end of the fiscal year but related to subsequent accounting periods. Unearned Revenue as of June 30, 2023, is summarized in Table 11.

**Table 11. Unearned Revenue**

Description	
Grants and Contracts	\$ 43,568,727
Auxiliary Enterprises	9,194,311
Student Tuition and Fees	6,419,431
<b>Total Unearned Revenue</b>	<b>\$ 59,182,469</b>

## 13. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2023, include capital improvement debt payable, loans and notes payable,

**Table 12. Long-Term Liabilities**

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Capital Asset-Related Debt:</b>					
Capital Improvement Debt Payable	\$ 368,179,410	\$ 40,354,997	\$ 52,532,862	\$ 356,001,545	\$ 9,716,000
Loans and Notes Payable	3,453,538	19,577,352	448,034	22,582,856	458,576
Installment Purchase Agreements Payable	3,244,628	233,756	816,696	2,661,688	892,814
Leases Payable	12,906,024	2,658,500	3,885,159	11,679,365	3,245,167
Subscription Arrangements Payable (1)	-	9,070,078	-	9,070,078	1,969,630
<b>Total Capital Asset-Related Debt</b>	<b>387,783,600</b>	<b>71,894,683</b>	<b>57,682,751</b>	<b>401,995,532</b>	<b>16,282,187</b>
<b>Other Long-Term Liabilities:</b>					
Compensated Absences Payable	135,200,019	22,798,863	14,435,563	143,563,319	14,672,122
Other Postemployment Benefits Payable	1,092,903,107	82,563,928	360,950,009	814,517,026	20,470,630
Net Pension Liability	309,506,781	756,798,524	251,895,149	814,410,156	260,236
Other Noncurrent Liabilities	10,203,000	494,000	-	10,697,000	-
<b>Total Long-Term Liabilities</b>	<b>\$ 1,935,596,507</b>	<b>\$ 934,549,998</b>	<b>\$ 684,963,472</b>	<b>\$ 2,185,183,033</b>	<b>\$ 51,685,175</b>

(1) Subscription Arrangements Payable was added due to the implementation of GASB Statement No. 96.

installment purchase agreements payable, leases payable, subscription arrangements payable, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities. Long-term liability activity for the fiscal year ended June 30, 2023, is presented in Table 12.

### A. CAPITAL IMPROVEMENT DEBT PAYABLE

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

On May 4, 2023, the Florida Board of Governors, on behalf of the University, issued \$22,290,000 of University of Florida Student Activity Revenue Refunding Bonds, Series 2023A. Proceeds from these bonds were used to advance refund the \$25,690,000 principal amount of the University of Florida Student Activity Revenue Bonds, Series 2013. The refunding bonds were used to purchase securities, which were placed in an irrevocable trust with an

escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's Statement of Net Position. As a result of the refunding, the University reduced its debt service requirement by \$3,470,020 over the remaining life of the Series 2013 Bonds and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,063,763 as of the Series 2023A issuance date.

On June 1, 2023, the Florida Board of Governors, on behalf of the University, issued \$10,555,000 of University of Florida Dormitory Revenue Bonds, Series 2023A. Proceeds from these bonds were used to advance refund the \$10,975,000 principal amount of the University of Florida Dormitory Revenue Bonds, Series 2013A. The refunding bonds were used to purchase securities, which were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's Statement of Net Position. As a result of the refunding, the University reduced its debt service requirement by \$985,565 over the remaining life of the Series 2013A Bonds and obtained an economic gain of \$849,022 as of the Series 2023A issuance date.

A summary of the University's capital improvement debt payable at June 30, 2023, is presented in Table 13.

**Table 13. Capital Improvement Debt Payable**

Type and Series	Amount of Original Issue	Amount Outstanding		Interest Rates	Maturity Date
		Principal	Interest		
Student Housing Auxiliary Debt:					
2016A Housing	\$ 19,390,000	\$ 11,040,000	\$ 1,700,375	3.000 to 5.000%	2030
2021A Housing	215,550,000	215,550,000	109,715,563	2.250 to 5.000%	2051
2021B Housing	17,240,000	14,085,000	3,094,250	5.000%	2031
2023A Housing	10,555,000	10,555,000	3,180,229	5.000%	2033
Total Student Housing Debt	262,735,000	251,230,000	117,690,417		
Parking Garage Auxiliary Debt:					
2018A Parking	39,070,000	31,265,000	10,190,475	4.000 to 5.000%	2038
Total Parking Garage Debt	39,070,000	31,265,000	10,190,475		
Other University of Florida Revenue Bonds:					
2020A Clinical Translational Research Building	19,025,000	13,562,000	795,826	1.540%	2030
2023A Student Activity	22,290,000	22,290,000	6,577,750	5.000%	2033
Total Other University of Florida Revenue Bonds	41,315,000	35,852,000	7,373,576		
Plus: Unamortized Premiums	-	35,394,193	-		
Plus: Unamortized Refunding Gains	-	2,260,352	-		
Total Capital Improvement Debt	\$ 343,120,000	\$ 356,001,545	\$ 135,254,468		

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2023, are presented in Table 14.

**Table 14. Capital Improvement Debt Payable - Principal & Interest**

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 9,716,000	\$ 11,538,504	\$ 21,254,504
2025	14,819,000	11,070,044	25,889,044
2026	15,490,000	10,391,007	25,881,007
2027	16,208,000	9,679,165	25,887,165
2028	16,923,000	8,964,454	25,887,454
2029-33	69,116,000	34,715,956	103,831,956
2034-38	46,985,000	22,671,113	69,656,113
2039-43	45,965,000	15,093,663	61,058,663
2044-48	49,800,000	9,111,263	58,911,263
2049-51	33,325,000	2,019,299	35,344,299
<b>Total Principal &amp; Interest</b>	<b>318,347,000</b>	<b>135,254,468</b>	<b>453,601,468</b>
Plus: Unamortized Premiums	35,394,193	-	35,394,193
Plus: Unamortized Refunding Gains	2,260,352	-	2,260,352
<b>Total</b>	<b>\$ 356,001,545</b>	<b>\$ 135,254,468</b>	<b>\$ 491,256,013</b>

## B. LOANS AND NOTES PAYABLE

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

On April 11, 2023, the University borrowed \$19,577,352 at an interest rate of 3.31% to finance the cost of energy savings equipment used in university plants. The principal and interest costs are expected to be met by cost savings of the newer system. The University's outstanding note is secured with collateral of the energy performance equipment used in the renovation. The note contains a provision that in an event of default, the contract can be terminated, and equipment returned and/or declare all payments payable under the contract to the end of the then current budget year of the University, to be immediately due and payable. The note matures on April 1, 2043, and principal and interest payments are made quarterly.

Annual requirements to amortize the note as of June 30, 2023, are presented in Table 15.

**Table 15. Loans and Notes Payable - Principal & Interest**

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 458,576	\$ 713,106	\$ 1,171,682
2025	1,236,422	692,860	1,929,282
2026	1,273,172	656,109	1,929,281
2027	1,311,045	618,237	1,929,282
2028	1,350,073	579,209	1,929,282
2029-33	5,281,279	2,357,724	7,639,003
2034-38	5,517,531	1,510,522	7,028,053
2039-43	6,154,758	521,893	6,676,651
<b>Total</b>	<b>\$ 22,582,856</b>	<b>\$ 7,649,660</b>	<b>\$ 30,232,516</b>

## C. INSTALLMENT PURCHASE AGREEMENTS PAYABLE

The University has entered into several installment purchase agreements for the purchase of buildings and equipment totaling \$12,797,622. The imputed interest rates ranged from 0.75% to 6.45%. The installment purchases contain a provision that, in an event of default, outstanding amounts become immediately due if the University is unable to make payment. Future minimum principal payments remaining under installment purchase agreements as of June 30, 2023, are presented in Table 16.

**Table 16. Installment Purchase Agreements Payable - Principal & Interest**

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 892,814	\$ 123,589	\$ 1,016,403
2025	726,409	86,459	812,868
2026	263,352	61,432	324,784
2027	176,914	50,253	227,167
2028	188,325	38,842	227,167
2029-30	413,874	40,459	454,333
<b>Total Minimum Payments</b>	<b>\$ 2,661,688</b>	<b>\$ 401,034</b>	<b>\$ 3,062,722</b>

## D. LEASES PAYABLE

The University leases equipment and space from external parties for various terms under long-term lease agreements. The leases expire at various dates through 2036 with renewal options available ranging from 1 to 15 years. In accordance with GASB Statement No. 87, the University records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are

fixed in substance. The University does not have any leases featuring payments tied to an index or market rate, or any leases subject to a residual value guarantee. See Note 9 Capital Assets for information on right-to-use assets and the associated accumulated depreciation. Leases payable for the fiscal year ended June 30, 2023, are presented in Table 17:

**Table 17. Leases Payable - Principal & Interest**

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 3,245,167	\$ 240,005	\$ 3,485,172
2025	2,175,339	181,182	2,356,521
2026	1,830,136	137,575	1,967,711
2027	1,552,005	97,407	1,649,412
2028	879,721	67,903	947,624
2029-33	1,948,848	114,799	2,063,647
2034-36	48,149	2,252	50,401
<b>Total</b>	<b>\$ 11,679,365</b>	<b>\$ 841,123</b>	<b>\$ 12,520,488</b>

## E. SUBSCRIPTION ARRANGEMENTS PAYABLE

The University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which establishes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The statement provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. See Note 9 Capital Assets for information on right-to-use subscription assets and the associated accumulated depreciation. Future minimum payments under subscription arrangements payable for the fiscal year ended June 30, 2023, are presented in Table 18:

**Table 18. Subscription Arrangements Payable - Principal & Interest**

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 1,969,630	\$ 376,195	\$ 2,345,825
2025	2,142,370	296,655	2,439,025
2026	2,206,433	210,274	2,416,707
2027	570,506	121,898	692,404
2028	644,248	96,624	740,872
2029-30	1,536,891	104,067	1,640,958
<b>Total</b>	<b>\$ 9,070,078</b>	<b>\$ 1,205,713</b>	<b>\$ 10,275,791</b>

## F. COMPENSATED ABSENCES PAYABLE

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors Regulations, University Regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are

kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave in accordance with its policy regarding leave payment upon separation from employment. However, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations.

At June 30, 2023, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$143,563,319. The current portion of the compensated absences liability, \$14,672,122, is the amount expected to be paid in the coming fiscal year and is based on actual payouts over the last three years, calculated as a percentage of those years' total compensated absences liability.

## G. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

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

### General Information about the OPEB Plan

■ **Plan Description** – The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit health plan administered by the State of Florida. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the OPEB Plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and

retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for funding the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

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

#### **Proportionate Share of the Total OPEB Liability**

The University's proportionate share of the total OPEB liability of \$814,517,026 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2022. At June 30, 2022, the University's proportionate share, determined by its proportion of total benefit payments made, was 10.38%, which increased 0.01% from its proportionate share measured as of June 30, 2021.

■ **Actuarial Assumptions and Other Inputs** – The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified, as presented in Table 19.

**Table 19. Actuarial Assumptions - OPEB**

Inflation	2.60%
Salary Increases	Varies by FRS Class
Discount Rate	4.09%

Healthcare cost trend rates for the Preferred Provider Organizations (PPO) and Health Maintenance Organizations (HMO), respectively, are 10.31% and 7.53% for the 2022-23 fiscal year, decreasing to a rate of 8.22% and 6.49% in the 2024-25 fiscal year, and decreasing to 4.04% and 4.04% for 2075-76 and later fiscal years.

Retiree premium trend rates for both the PPO and HMO plans are 8.9% for the 2022-23 fiscal year, decreasing to a rate of 7.4% for 2024-25 fiscal year, and gradually decreasing to 4.0% for the 2075-76 and later fiscal years.

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index.

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

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

The following changes have been made since the prior valuation:

- **Census Data** – The census data reflects changes in status for the twenty-four (24) month period since July 1, 2020.
- **Claims Costs and Premium Rates** – The assumed claims and premiums reflect the actual claims information that were provided as well as the premiums that are actually being charged to participants. The recent claims experience along with changes in the demographics of the population resulted in lower claims costs compared to expected, as well as lower premium rates than expected. The result was a slight increase in liabilities due to claims and premiums as of June 30, 2022.
- **Trend Rate** – Medical trend assumption are updated each year based on the Getzen Model. The medical trend rates used are consistent with the August 2022 Report on Financial Outlook of the Plan along with information from the Getzen Model and actuarial judgment. The impact of the trend rate changes is a small increase in the liability, due primarily to higher trend rates in the first several years.
- **Discount Rate** – The discount rate was updated to utilize the mandated discount rate based on a 20-year Standard & Poor's Municipal Bond Rate Index as of the measurement date, as required under GASB 75. The discount rate increased from 2.18% to 4.09%.



**■ Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate**

Table 20 presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09%) or 1 percentage point higher (5.09%) than the current rate:

**Table 20. Sensitivity to Changes in Discount Rate - OPEB**

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
University's Proportionate Share of the Total OPEB Liability	\$ 977,797,890	\$ 814,517,026	\$ 686,614,573

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

Table 21 presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's Proportionate Share of the Total OPEB Liability	\$ 674,256,942	\$ 814,517,026	\$ 999,691,194

**■ OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2023, the University recognized OPEB expense of \$22,701,100. At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB as presented in Table 22.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ 88,770,018	\$ 528,310,911
Differences Between Expected and Actual Experience	-	87,978,511
Changes in Proportion and Differences Between University Benefit Payments and Proportionate Share of Benefit Payments	48,398,766	8,870,877
Transactions Subsequent to the Measurement Date	20,853,404	-
<b>Total</b>	<b>\$ 158,022,188</b>	<b>\$ 625,160,299</b>

Of the total amount reported as deferred outflows of resources related to OPEB, \$20,853,404 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as presented in Table 23.

**Table 23. Recognition of Deferred Outflows & Inflows Related to OPEB**

Fiscal Year Ending June 30	
2024	\$ (103,271,231)
2025	(103,268,391)
2026	(82,301,126)
2027	(71,110,387)
2028	(44,204,799)
Thereafter	(83,835,581)
<b>Total</b>	<b>\$ (487,991,515)</b>

## H. ASSET RETIREMENT OBLIGATION PAYABLE

The University follows GASB Statement No. 83, *Certain Asset Retirement Obligations*, to account for significant asset retirement obligations (AROs). These AROs are included as part of Other Noncurrent Liabilities in Table 12, and the total amount of the AROs for the University was \$10,697,000 as of June 30, 2023. The University's AROs consist of radioactive and biohazardous tangible capital assets. The University utilizes governmental agency estimates and current remediation costs to estimate the AROs. The source of the obligations are Federal and State regulations, and there are no legally required funding or assurance provisions associated with the AROs. There are no assets restricted for payments of the AROs. The remaining useful lives of the tangible capital assets range from 25 to 50 years. The University amortizes the associated deferred outflows of resources associated with the AROs by applying the straight-line method over the estimated remaining useful lives of the assets.

## 14. RETIREMENT PLANS

### A. DEFINED BENEFIT PENSION PLANS

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

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

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

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

The University's pension expense totaled \$109,376,242 for the 2022-23 fiscal year for both the FRS Pension Plan and HIS Program.

### **1. Florida Retirement System Defined Benefit Pension Plan**

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

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

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

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

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

fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. Table 24 shows the percentage value for each year of service credit earned.

**Table 24. Percentage Value of Service Credit Earned per Year**

**Regular Class members initially enrolled before July 1, 2011**

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

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

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

**Senior Management Service Class**

2.00%

**Special Risk Class**

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

■ **Contributions** – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022-23 fiscal year are shown

in Table 25. The University's contributions to the Plan totaled \$83,278,554 for the fiscal year ended June 30, 2023.

**Table 25. Florida Retirement System Contribution Rates**

Class	Percent of Gross Salary	
	Employee	Employer (1)
Florida Retirement System, Regular	3.00%	11.91%
Florida Retirement System, Senior Management Service	3.00%	31.57%
Florida Retirement System, Special Risk	3.00%	27.83%
Deferred Retirement Option Program-Applicable to Members from all of the Above Classes	0.00%	18.60%
Florida Retirement System, Reemployed Retiree	(2)	(2)

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

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

■ **Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2023, the University reported a liability of \$648,681,589 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The University's proportionate share of the net pension liability was based on the University's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the University's proportionate share was 1.74%, which was an increase of 0.10% compared to the proportionate share measured as of June 30, 2021.

For the year ended June 30, 2023, the University recognized pension expense of \$98,975,168. At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions as presented in Table 26.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 30,808,629	\$ -
Change of Assumptions	79,887,852	-
Net Difference Between Projected and Actual Earnings on FRS Plan Investments	42,832,359	-
Changes in Proportion and Difference Between University Contributions and Proportionate Share of Contributions	33,013,951	1,789,031
University FRS Contributions Subsequent to the Measurement Date	83,278,554	-
<b>Total</b>	<b>\$ 269,821,345</b>	<b>\$ 1,789,031</b>

The deferred outflows of resources related to pensions totaling \$83,278,554 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown in Table 27.

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

Fiscal Year Ending June 30	
2024	\$ 45,609,323
2025	21,328,933
2026	(6,171,692)
2027	115,466,727
2028	8,520,469
<b>Total</b>	<b>\$ 184,753,760</b>

■ **Actuarial Assumptions** – The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as presented in Table 28.

**Table 28. Actuarial Assumptions - FRS**

Inflation	2.40%	
Salary Increases	3.25%	average, including inflation
Investment Rate of Return	6.70%	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, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on Plan investments was not based on historical returns, but instead was based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of long-term expected rates of arithmetic return for each major asset class are summarized in Table 29.

**Table 29. Target Allocation and Expected Rate of Return**

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	1.00%	2.60%
Fixed Income	19.80%	4.40%
Global Equity	54.00%	8.80%
Real Estate (Property)	10.30%	7.40%
Private Equity	11.10%	12.00%
Strategic Investments	3.80%	6.20%
<b>Total</b>	<b>100.00%</b>	

■ **Discount Rate** – The discount rate used to measure the total pension liability was 6.70%, which was a decrease of 0.10% from the prior measurement date. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

■ **Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

– Table 30 presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.70%, 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 (5.70%) or 1 percentage point higher (7.70%) than the current rate.

**Table 30. Sensitivity to Changes in Discount Rate - FRS**

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
<b>University's Proportionate Share of the Net Pension Liability</b>	<b>\$ 1,121,850,205</b>	<b>\$ 648,681,589</b>	<b>\$ 253,056,324</b>

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

## 2. Health Insurance Subsidy Defined Benefit Pension Plan

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

■ **Benefits Provided** – For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement, multiplied by \$5. The payments are at least \$30, but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

■ **Contributions** – The HIS Plan is funded by required contributions from FRS participating employers, as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The University's contributions to the HIS Plan totaled \$10,846,167 for the fiscal year ended June 30, 2023.

■ **Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2023, the University reported a liability of \$165,728,567 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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The University's proportionate share of the net pension liability was based on the University's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the University's proportionate share was 1.56%, which was an increase of 0.04% from its proportionate share of 1.52% measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the University recognized pension expense of \$10,401,074. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions as presented in Table 31.

The deferred outflows of resources related to pensions totaling \$10,846,167 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown in Table 32.

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

Fiscal Year Ending June 30	
2024	\$ (1,188,989)
2025	60,498
2026	763,216
2027	(156,966)
2028	(2,514,307)
Thereafter	(1,255,914)
<b>Total</b>	<b>\$ (4,292,462)</b>

■ **Actuarial Assumptions** – The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as presented in Table 33.

**Table 33. Actuarial Assumptions - HIS**

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Municipal Bond Rate	3.54%

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

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

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 5,030,254	\$ 729,220
Change of Assumptions	9,499,668	25,638,103
Net Difference Between Projected and Actual Earnings on Plan Investments	239,940	-
Changes in Proportion and Difference Between University Contributions and Proportionate Share of Contributions	7,304,999	-
University Contributions Subsequent to the Measurement Date	10,846,167	-
<b>Total</b>	<b>\$ 32,921,028</b>	<b>\$ 26,367,323</b>

■ **Discount Rate** – The discount rate used to measure the total pension liability was 3.54%, which was an increase of 1.38% from the prior measurement date. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

■ **Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

– Table 34 presents the University's proportionate share of the net pension liability calculated using the discount rate of 3.54%, 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 (2.54%) or 1 percentage point higher (4.54%) than the current rate.

**Table 34. Sensitivity to Changes in Discount Rate - HIS**

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
<b>University's Proportionate Share of the Net Pension Liability</b>	<b>\$ 189,607,088</b>	<b>\$ 165,728,567</b>	<b>\$ 145,969,584</b>

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

## B. DEFINED CONTRIBUTION PENSION PLANS

### 1. FRS Investment Plan

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

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

benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions as the FRS defined benefit plan; these contributions are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Allocations to the Investment Plan member investment accounts during the 2022-23 fiscal year are presented in Table 35.

**Table 35. Florida Retirement System - Investment Plan Rates**

<b>Class</b>	<b>Percent of Gross Compensation</b>
Florida Retirement System, Regular	9.30%
Florida Retirement System, Senior Management Service	10.67%
Florida Retirement System, Special Risk	17.00%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings 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. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over his or her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes these amounts, if any, would be immaterial to the University.

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or select any combination of these options. Disability coverage is provided in which the member may either transfer the account

balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

There were 4,232 University participants during the 2022-23 fiscal year. The University's Investment Plan pension expense totaled \$24,720,128 for the fiscal year ended June 30, 2023.

## 2. State University System Optional Retirement Program

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

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

participating investment companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14% of the participant's salary to the participant's account, 4.23% to cover the unfunded actuarial liability of the FRS pension plan, and 0.01% to cover administrative costs, for a total of 9.38%. Employees contribute 3.00% of their salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

There were 11,978 University participants during the 2022-23 fiscal year. The University's contributions to the Program totaled \$62,215,910 and employee contributions totaled \$35,604,563 for the 2022-23 fiscal year.

## 15. CONSTRUCTION COMMITMENTS

The University's construction commitments at June 30, 2023, are presented in Table 36.

**Table 36. Construction Commitments**

Project Title	Total Commitment	Completed to Date	Balance Committed
Biomedical and Life Sciences Research Building	\$ 250,000,000	\$ 200,129	\$ 249,799,871
Dental Science Building	235,000,000	-	235,000,000
Honors Residential College	220,000,000	149,415,480	70,584,520
Malachowsky Hall for Data Science and Information Technology	153,224,462	122,341,477	30,882,985
Thermal Utilities Infrastructure (Museum Rd)	56,359,048	49,320,911	7,038,137
Architecture Building Renovation/Remodeling and DCP Collaboratory	46,263,600	1,803,115	44,460,485
Whitney Laboratory for Marine Bioscience	39,200,000	1,189,985	38,010,015
Holland Law Energy Service Company	39,000,000	4,334,529	34,665,471
Health Science Center Investment Grade Audit Energy Service Company	34,000,000	966,020	33,033,980
Thompson Center for Earth Systems	30,000,000	493,566	29,506,434
Center for Applied Artificial Intelligence-Balm	30,000,000	-	30,000,000
Chemical Engineering Renovation and Remodeling	30,000,000	-	30,000,000
Disability Resource Center	29,160,000	21,588	29,138,412
Broward Dining Facility Renovation and Addition	20,000,000	10,755	19,989,245
Reitz Union Lawn UG Utilities Improvements	15,070,000	6,087,563	8,982,437
Inner Road Underground Utilities Improvement	14,085,000	1,254,468	12,830,532
PK Yonge Gymnasium	12,050,000	7,500	12,042,500
Basic Science Third Floor Renovation	10,600,000	8,000	10,592,000
Communicore Ground and Third Level Renovation	10,000,000	-	10,000,000
Black Hall and Material Engineering Renovation	7,500,000	-	7,500,000
Inner Road Surface Treatments (roadway, hardscape, landscape) Improvement	7,058,000	980,690	6,077,310
Racquet Club Dining Center Renovation	7,000,000	2,943,659	4,056,341
O'Connell Center Roof Repairs	6,714,800	-	6,714,800
Subtotal	1,302,284,910	341,379,435	960,905,475
Projects Under \$5,000,000	251,841,646	58,299,999	193,541,647
<b>Total</b>	<b>\$ 1,554,126,556</b>	<b>\$ 399,679,434</b>	<b>\$ 1,154,447,122</b>

## 16. STATE SELF-INSURANCE PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2022-23 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 \$56.3 million for named windstorm and flood through February 14, 2023, and decreased to \$40.2 million for flood and \$38.6 million for named windstorm starting February 15, 2023. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$168.7 million through February 14, 2023, and increased to \$184.8 million starting February 15, 2023; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

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

## 17. UNIVERSITY SELF-INSURANCE PROGRAMS

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

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

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

## 18. LITIGATION AND CONTINGENCIES

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

## 19. SCHOLARSHIP ALLOWANCE

Student Tuition and Fees as well as Sales and Services of Auxiliary Enterprises are reported net of scholarship allowance. Allowances of \$273,300,525 and \$15,333,075

were applied to Student Tuition and Fees and Sales and Services of Auxiliary Enterprises.

## 20. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

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

**Table 37. Functional Expenses**

<b>Functional Classification</b>	
Public Service	\$ 975,708,671
Research	896,188,043
Instruction	832,146,618
Academic Support	259,489,057
Institutional Support	199,229,248
Scholarships, Fellowships, and Waivers, Net	182,610,346
Depreciation	181,525,447
Operation and Maintenance of Plant	172,380,013
Auxiliary Enterprises	130,677,825
Student Services	55,200,328
<b>Total Operating Expenses</b>	<b>\$ 3,885,155,596</b>

## 21. COMPONENT UNITS

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

## 22. SEGMENT INFORMATION

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

students of the University of Florida. Capital improvement debt has been issued over the years to provide funding for the construction of facilities to house students of the University. A summary of the financial activity for these segments is presented in Table 41.

## 23. SUBSEQUENT EVENTS

On August 31, 2023, the Florida Board of Governors, on behalf of the University, issued \$10,680,000 of University of Florida Research Revenue Bonds, Series 2023A (Taxable) and \$39,150,000 of University of Florida Research Revenue Bonds, Series 2023B (Tax-Exempt). The Series 2023A will mature on July 1, 2034, and carry coupons of 5%. The Series 2023B will mature on July 1, 2053, and carry coupons ranging from 4% to 5%. The bonds will be repaid from indirect cost revenues received from Federal, State, and private research grants. The 2023A&B Bonds Series were issued to finance the renovation of existing biomedical and life sciences laboratories at the University. The renovations comprise approximately 50,725 square feet.

In December 2023, the University entered into an agreement for bridge financing to fund capital projects. These capital projects are typically funded by major capital gifts which are paid over multiple years with a pledge schedule and no cash on hand to complete the project. The initial loan amount is for \$30 million with the option to request up to an additional \$70 million. A Guaranty Agreement is in place with the University of Florida Foundation, Inc. who will guarantee the payment of any loans.



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

	University of Florida Foundation, Inc. (1)	The University Athletic Association, Inc.	University of Florida Research Foundation, Inc.	GatorCare Health Management Corporation
<b>CONDENSED STATEMENT OF NET POSITION</b>				
Assets				
Due from Component Units/University	\$ 100,863	\$ 4,606	\$ 188,808	\$ -
Other Current Assets	185,555	75,563	11,364	71,448
Capital Assets, Net	107,638	310,321	-	2
Other Noncurrent Assets	2,400,909	52,102	-	1,185
<b>Total Assets</b>	<b>2,794,965</b>	<b>442,592</b>	<b>200,172</b>	<b>72,635</b>
Liabilities				
Due to Component Units/University	49,282	28,760	83,080	36,146
Other Current Liabilities	8,071	56,486	4,274	33,738
Noncurrent Liabilities	39,025	148,690	-	-
<b>Total Liabilities</b>	<b>96,378</b>	<b>233,936</b>	<b>87,354</b>	<b>69,884</b>
Deferred Inflows of Resources				
Other Deferred Inflows	18,422	-	-	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>114,800</b>	<b>233,936</b>	<b>87,354</b>	<b>69,884</b>
Net Position				
Net Investment in Capital Assets	106,770	159,816	-	2
Restricted-Nonexpendable Endowment	1,614,108	-	-	-
Restricted-Expendable Endowment	919,999	-	-	-
Restricted-Expendable Other	-	-	-	-
Unrestricted	39,288	48,840	112,818	2,749
<b>Total Net Position</b>	<b>\$ 2,680,165</b>	<b>\$ 208,656</b>	<b>\$ 112,818</b>	<b>\$ 2,751</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>				
Operating Revenues	\$ 133,976	\$ 170,269	\$ 48,893	\$ 1,649
Operating Expenses	(260,412)	(176,370)	(49,536)	(1,637)
<b>Operating Income (Loss)</b>	<b>(126,436)</b>	<b>(6,101)</b>	<b>(643)</b>	<b>12</b>
Nonoperating Revenues (Expenses) and Other Revenues, Expenses, Gains, or Losses				
Investment Income (Loss), Net of Expenses	88,580	8,074	(170)	537
Net Increase (Decrease) in the Fair Value of Investments	103	-	(718)	-
Other Nonoperating Revenues	-	10,449	2,300	-
Other Nonoperating Expenses	-	(4,278)	-	-
Addition to Permanent Endowments	76,250	-	-	-
<b>Change in Net Position</b>	<b>38,497</b>	<b>8,144</b>	<b>769</b>	<b>549</b>
Net Position, Beginning of Year	2,641,668	200,512	112,049	2,202
<b>Net Position, End of Year</b>	<b>\$ 2,680,165</b>	<b>\$ 208,656</b>	<b>\$ 112,818</b>	<b>\$ 2,751</b>

(1) Includes financial transactions for the University of Florida Alumni Association, Inc.

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

<b>Florida Foundation Seed Producers, Inc.</b>	<b>University of Florida Development Corporation</b>	<b>Gator Boosters, Inc.</b>	<b>Citrus Research and Development Foundation, Inc.</b>	<b>Total Direct-Support Organizations</b>
\$ -	\$ -	\$ 31,608	\$ -	\$ 325,885
16,691	5,395	3,244	3,703	372,963
6,937	8,427	20	-	433,345
-	4,894	533	-	2,459,623
23,628	18,716	35,405	3,703	3,591,816
6,074	5,296	4,386	-	213,024
2,585	838	31,317	1,386	138,695
-	-	139	-	187,854
8,659	6,134	35,842	1,386	539,573
186	5,995	-	-	24,603
8,845	12,129	35,842	1,386	564,176
6,937	3,285	-	-	276,810
-	-	533	-	1,614,641
-	-	-	-	919,999
-	-	-	2,317	2,317
7,846	3,302	(970)	-	213,873
<b>\$ 14,783</b>	<b>\$ 6,587</b>	<b>\$ (437)</b>	<b>\$ 2,317</b>	<b>\$ 3,027,640</b>
\$ 1,338	\$ 2,175	\$ 51,750	\$ 5,959	\$ 416,009
(854)	(2,346)	(4,579)	(13,973)	(509,707)
484	(171)	47,171	(8,014)	(93,698)
183	141	2,045	62	99,452
-	-	-	-	(615)
92	-	-	8,000	20,841
(459)	-	(49,201)	-	(53,938)
-	-	1	-	76,251
300	(30)	16	48	48,293
14,483	6,617	(453)	2,269	2,979,347
<b>\$ 14,783</b>	<b>\$ 6,587</b>	<b>\$ (437)</b>	<b>\$ 2,317</b>	<b>\$ 3,027,640</b>

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

	Florida Clinical Practice Association, Inc.	University of Florida Jacksonville Physicians, Inc.	Faculty Associates, Inc.	Florida Veterinary Medicine Faculty Association, Inc.	University of Florida College of Pharmacy Faculty Practice Association, Inc.	Total Health Science Center Affiliates
<b>CONDENSED STATEMENT OF NET POSITION</b>						
<b>Assets</b>						
Due from Component Units/University	\$ 7,686	\$ 7,315	\$ -	\$ 8,800	\$ -	\$ 23,801
Other Current Assets	169,635	88,504	30,102	3,895	437	292,573
Capital Assets, Net	178,641	97,987	-	370	-	276,998
Other Noncurrent Assets	21,003	1,857	-	-	-	22,860
<b>Total Assets</b>	<b>376,965</b>	<b>195,663</b>	<b>30,102</b>	<b>13,065</b>	<b>437</b>	<b>616,232</b>
<b>Liabilities</b>						
Due to Component Units/University	19,147	-	-	2,682	-	21,829
Other Current Liabilities	23,502	48,639	499	925	21	73,586
Noncurrent Liabilities	161,468	64,709	-	276	-	226,453
<b>Total Liabilities</b>	<b>204,117</b>	<b>113,348</b>	<b>499</b>	<b>3,883</b>	<b>21</b>	<b>321,868</b>
<b>Deferred Inflows of Resources</b>						
Other Deferred Inflows	13,481	591	-	-	-	14,072
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>217,598</b>	<b>113,939</b>	<b>499</b>	<b>3,883</b>	<b>21</b>	<b>335,940</b>
<b>Net Position</b>						
Net Investment in Capital Assets	7,113	24,115	-	-	-	31,228
Unrestricted	152,254	57,609	29,603	9,182	416	249,064
<b>Total Net Position</b>	<b>\$ 159,367</b>	<b>\$ 81,724</b>	<b>\$ 29,603</b>	<b>\$ 9,182</b>	<b>\$ 416</b>	<b>\$ 280,292</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>						
Operating Revenues	\$ 1,021,465	\$ 359,396	\$ 26,887	\$ 24,923	\$ 1,659	\$ 1,434,330
Operating Expenses	(346,642)	(184,897)	(2,040)	(1,403)	-	(534,982)
Operating Income	674,823	174,499	24,847	23,520	1,659	899,348
<b>Nonoperating Revenues (Expenses)</b>						
Investment Income, Net of Expenses	390	12	691	-	-	1,093
Net Increase in the Fair Value of Investments	1,777	1,255	-	-	-	3,032
Other Nonoperating Revenues	1,101	-	2,571	-	-	3,672
Other Nonoperating Expenses	(701,669)	(177,155)	(22,770)	(26,431)	(1,873)	(929,898)
Change in Net Position	(23,578)	(1,389)	5,339	(2,911)	(214)	(22,753)
Net Position, Beginning of Year	183,061	83,113	24,264	12,093	630	303,161
Adjustments to Beginning Net Position (Note 3)	(116)	-	-	-	-	(116)
Net Position, Beginning of Year, as Restated	182,945	83,113	24,264	12,093	630	303,045
<b>Net Position, End of Year</b>	<b>\$ 159,367</b>	<b>\$ 81,724</b>	<b>\$ 29,603</b>	<b>\$ 9,182</b>	<b>\$ 416</b>	<b>\$ 280,292</b>

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

	Shands Teaching Hospital & Clinics, Inc.	Shands Jacksonville HealthCare, Inc.	University of Florida Self-Insurance Program	University of Florida Healthcare Education Insurance Company	Total Shands Hospital and Others
<b>CONDENSED STATEMENT OF NET POSITION</b>					
<b>Assets</b>					
Due from Component Units/University	\$ 50,428	\$ 9,335	\$ -	\$ 60,390	\$ 120,153
Other Current Assets	573,563	295,533	245,943	5,361	1,120,400
Capital Assets, Net	1,497,894	485,331	1,539	-	1,984,764
Other Noncurrent Assets	1,300,404	193,683	-	-	1,494,087
<b>Total Assets</b>	<b>3,422,289</b>	<b>983,882</b>	<b>247,482</b>	<b>65,751</b>	<b>4,719,404</b>
<b>Deferred Outflows of Resources</b>					
Deferred Amounts Related to Pensions	167,628	10,584	-	-	178,212
Deferred Amounts Related to OPEB	-	371	-	-	371
Other Deferred Outflows	30,197	8,371	-	-	38,568
<b>Total Assets and Deferred Outflows of Resources</b>	<b>3,620,114</b>	<b>1,003,208</b>	<b>247,482</b>	<b>65,751</b>	<b>4,936,555</b>
<b>Liabilities</b>					
Due to Component Units/University	5,985	17,946	60,390	-	84,321
Other Current Liabilities	435,383	179,459	7,783	1,080	623,705
Noncurrent Liabilities	1,107,184	547,834	29,331	6,128	1,690,477
<b>Total Liabilities</b>	<b>1,548,552</b>	<b>745,239</b>	<b>97,504</b>	<b>7,208</b>	<b>2,398,503</b>
<b>Deferred Inflows of Resources</b>					
Deferred Amounts Related to Pensions	53,311	2,050	-	-	55,361
Deferred Amounts Related to OPEB	-	1,649	-	-	1,649
Other Deferred Inflows	30,644	21,630	-	-	52,274
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>1,632,507</b>	<b>770,568</b>	<b>97,504</b>	<b>7,208</b>	<b>2,507,787</b>
<b>Net Position</b>					
Net Investment in Capital Assets	385,248	164,385	-	-	549,633
Restricted-Nonexpendable Endowment	2,260	-	-	-	2,260
Restricted-Expendable Endowment	2,003	5,026	-	-	7,029
Other Restricted Net Position	-	-	149,978	58,543	208,521
Unrestricted	1,598,096	63,229	-	-	1,661,325
<b>Total Net Position</b>	<b>\$ 1,987,607</b>	<b>\$ 232,640</b>	<b>\$ 149,978</b>	<b>\$ 58,543</b>	<b>\$ 2,428,768</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>					
Operating Revenues	\$ 2,786,535	\$ 887,780	\$ 8,962	\$ 2,195	\$ 3,685,472
Operating Expenses	(2,713,805)	(952,038)	(6,338)	(1,318)	(3,673,499)
Operating Income (Loss)	72,730	(64,258)	2,624	877	11,973
<b>Nonoperating Revenues (Expenses)</b>					
Investment Income, Net of Expenses	71,426	9,223	8,390	1,906	90,945
Net Increase in the Fair Value of Investments	3,342	-	-	-	3,342
Other Nonoperating Revenues	12,870	20,118	-	-	32,988
Other Nonoperating Expenses	(40,863)	(18,876)	(5,229)	-	(64,968)
Change in Net Position	119,505	(53,793)	5,785	2,783	74,280
Net Position, Beginning of Year	1,868,102	286,433	144,193	55,760	2,354,488
<b>Net Position, End of Year</b>	<b>\$ 1,987,607</b>	<b>\$ 232,640</b>	<b>\$ 149,978</b>	<b>\$ 58,543</b>	<b>\$ 2,428,768</b>

**Table 41. Segment Information**

	<b>Transportation and Parking Services</b>	<b>Department of Housing and Residence Education</b>
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Assets		
Current Assets	\$ 27,364,103	\$ 22,420,331
Capital Assets, Net	50,878,402	246,510,289
Other Noncurrent Assets	124,492	82,931,352
<b>Total Assets</b>	<b>78,366,997</b>	<b>351,861,972</b>
Liabilities		
Current Liabilities	4,614,967	7,096,130
Noncurrent Liabilities	33,117,471	277,497,970
<b>Total Liabilities</b>	<b>37,732,438</b>	<b>284,594,100</b>
Net Position		
Net Investment in Capital Assets	15,930,911	47,492,240
Restricted	-	2,741,608
Unrestricted	24,703,648	17,034,024
<b>Total Net Position</b>	<b>\$ 40,634,559</b>	<b>\$ 67,267,872</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>		
Operating Revenues (Expenses)		
Operating Revenues	\$ 14,618,241	\$ 56,546,855
Depreciation Expense	(3,067,332)	(6,622,146)
Other Operating Expenses	(7,731,108)	(42,744,380)
<b>Operating Income</b>	<b>3,819,801</b>	<b>7,180,329</b>
Nonoperating Revenues (Expenses)		
Investment Income	35,236	2,560,067
Interest on Capital Asset-Related Debt	(1,339,007)	(8,209,632)
Other Nonoperating Expenses	(1,659,480)	(44,780,533)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(2,963,251)</b>	<b>(50,430,098)</b>
<b>Change in Net Position</b>	<b>856,550</b>	<b>(43,249,769)</b>
<b>Net Position, Beginning of Year</b>	<b>39,778,009</b>	<b>110,517,641</b>
<b>Net Position, End of Year</b>	<b>\$ 40,634,559</b>	<b>\$ 67,267,872</b>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net Cash Provided (Used) by:		
Operating Activities	\$ 7,720,535	\$ 13,669,129
Noncapital Financing Activities	(460,701)	(5,848,913)
Capital and Related Financing Activities	(5,151,352)	(107,538,714)
Investing Activities	(2,104,257)	99,719,398
<b>Net Increase in Cash and Cash Equivalents</b>	<b>4,225</b>	<b>900</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 4,225</b>	<b>\$ 900</b>



# OTHER REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	2022 (1) (3)	2021 (1)	2020 (1)	2019 (1)
University's Proportion of the OPEB Liability	10.38%	10.37%	10.39%	9.79%
University's Proportionate Share of the Total OPEB Liability	\$ 814,517	\$ 1,092,903	\$ 1,069,008	\$ 1,239,001
University's Covered Payroll	\$ 1,316,348	\$ 1,302,872	\$ 1,237,961	\$ 1,188,019
University's Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll	61.88%	83.88%	86.35%	104.29%

**Change of assumptions** - In 2022, amounts reported as changes of assumptions resulted from an increase in the discount rate from 2.18 percent to 4.09 percent, as well as updated healthcare costs and premiums and updated health care cost trend rates.

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

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.

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

	2022 (1)	2021 (1)	2020 (1)	2019 (1)
University's Proportion of the FRS Net Pension Liability	1.74%	1.64%	1.61%	1.62%
University's Proportionate Share of the FRS Net Pension Liability	\$ 648,682	\$ 123,559	\$ 697,662	\$ 558,624
University's Covered Payroll (2)	\$ 1,316,348	\$ 1,302,872	\$ 1,237,961	\$ 1,188,019
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	49.28%	9.48%	56.36%	47.02%
FRS Plan Fiduciary Net Position as a Percentage of the FRS Total Pension Liability	82.89%	96.40%	78.85%	82.61%

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

	2023 (1)	2022 (1)	2021 (1)	2020 (1)
Contractually Required FRS Contribution	\$ 83,279	\$ 74,394	\$ 62,313	\$ 53,483
FRS Contributions in Relation to the Contractually Required FRS Contribution	(83,279)	(74,394)	(62,313)	(53,483)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
University's Covered Payroll (2)	\$ 1,424,795	\$ 1,316,348	\$ 1,302,872	\$ 1,237,961
FRS Contributions as a Percentage of Covered Payroll	5.84%	5.65%	4.78%	4.32%

**Change of assumptions** - As of June 30, 2022, the long-term expected rate of return decreased from 6.80% to 6.70%.

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

	2022 (1)	2021 (1)	2020 (1)	2019 (1)
University's Proportion of the HIS Net Pension Liability	1.56%	1.52%	1.50%	1.49%
University's Proportionate Share of the HIS Net Pension Liability	\$ 165,729	\$ 185,948	\$ 183,670	\$ 166,255
University's Covered Payroll (3)	\$ 492,903	\$ 483,686	\$ 471,174	\$ 452,885
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll	33.62%	38.44%	38.98%	36.71%
HIS Plan Fiduciary Net Position as a Percentage of the HIS Total Pension Liability	4.81%	3.56%	3.00%	2.63%

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

	2023 (1)	2022 (1)	2021 (1)	2020 (1)
Contractually Required HIS Contribution	\$ 10,846	\$ 9,468	\$ 8,910	\$ 8,668
HIS Contributions in Relation to the Contractually Required HIS Contribution	(10,846)	(9,468)	(8,910)	(8,668)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
University's Covered Payroll (3)	\$ 562,469	\$ 492,903	\$ 483,686	\$ 471,174
HIS Contributions as a Percentage of Covered Payroll	1.93%	1.92%	1.84%	1.84%

**Change of assumption** - In addition, the demographic assumptions for the Special Risk Class were updated to reflect plan changes and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.

**Change of assumption** - The municipal rate used to determine total pension liability increased from 2.16% to 3.54%.

**Notes:**

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

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

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

2018 (1)			2017 (1)			2016 (1)		
9.89%			9.89%			9.92%		
\$	1,043,548	\$	1,069,104	\$	1,171,492			
\$	1,151,733	\$	1,103,905	\$	1,120,516			
90.61%			96.85%			104.55%		

2018 (1)			2017 (1)			2016 (1)			2015 (1)			2014 (1)			2013 (1)		
1.62%			1.53%			1.56%			1.59%			1.52%			1.23%		
\$	487,418	\$	453,912	\$	393,640	\$	204,920	\$	92,658	\$	212,307	\$	92,658	\$	212,307	\$	212,307
\$	1,151,733	\$	1,103,905	\$	1,120,516	\$	1,066,940	\$	1,024,891	\$	1,053,556	\$	1,024,891	\$	1,053,556	\$	1,053,556
42.32%			41.12%			35.13%			19.21%			9.04%			20.15%		
84.26%			83.89%			84.88%			92.00%			96.09%			88.54%		
2019 (1)			2018 (1)			2017 (1)			2016 (1)			2015 (1)			2014 (1)		
\$	50,296	\$	46,118	\$	39,948	\$	38,018	\$	38,681	\$	33,264	\$	38,681	\$	33,264	\$	33,264
(50,296)		(46,118)		(39,948)		(38,018)		(38,681)		(33,264)							
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	1,188,019	\$	1,151,733	\$	1,103,905	\$	1,120,516	\$	1,066,940	\$	1,024,891	\$	1,066,940	\$	1,024,891	\$	1,024,891
4.23%			4.00%			3.62%			3.39%			3.63%			3.25%		

2018 (1)			2017 (1)			2016 (1)			2015 (1)			2014 (1)			2013 (1)		
1.48%			1.47%			1.47%			1.46%			1.41%			1.38%		
\$	156,701	\$	157,259	\$	171,405	\$	148,826	\$	131,970	\$	120,064	\$	131,970	\$	120,064	\$	120,064
\$	442,718	\$	431,630	\$	435,952	\$	413,619	\$	396,472	\$	382,427	\$	396,472	\$	382,427	\$	382,427
35.40%			36.43%			39.32%			35.98%			33.29%			31.40%		
2.15%			1.64%			0.97%			0.50%			0.99%			1.78%		
2019 (1)			2018 (1)			2017 (1)			2016 (1)			2015 (1)			2014 (1)		
\$	8,251	\$	8,029	\$	7,784	\$	7,538	\$	5,578	\$	4,835	\$	5,578	\$	4,835	\$	4,835
(8,251)		(8,029)		(7,784)		(7,538)		(5,578)		(4,835)							
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	452,885	\$	442,718	\$	431,630	\$	435,952	\$	413,619	\$	396,472	\$	413,619	\$	396,472	\$	396,472
1.82%			1.81%			1.80%			1.73%			1.35%			1.22%		



Sherrill F. Norman, CPA  
Auditor General

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the University of Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 8, 2024, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Report on Internal Control Over Financial Reporting

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

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

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 8, 2024  
Audit Report No. 2024-125

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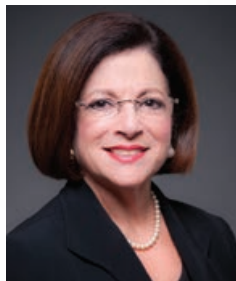
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**MOMENTUM. FROM FLORIDA, SKYWARD.**





Assistant Vice President and University Controller  
P.O. Box 113200, Gainesville, Florida 32611